MANWAH

MAN WAH HOLDINGS LIMITED

敏華控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 01999)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023 AND CLOSURE OF REGISTER OF MEMBERS

The board (the "Board") of directors (the "Directors") of Man Wah Holdings Limited (the "Company") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (the "Group") for the financial year ended 31 March 2023 ("FY2023", the "Review Period" or the "Reporting Period") together with the comparative figures for the previous financial year ended 31 March 2022 ("FY2022" and "Last Corresponding Period").

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2023

	Notes	**2023** **HK$'000**	2022 HK$'000
Revenue and other income		**17,788,864**	21,787,920
Revenue	3	**17,351,106**	21,496,783
Cost of goods sold		**(10,672,839)**	(13,606,188)
Gross profit		**6,678,267**	7,890,595
Other income		**437,758**	291,137
Other losses, net		**(241,416)**	(49,350)
Selling and distribution expenses		**(3,317,923)**	(4,189,944)
Administrative and other expenses		**(1,046,952)**	(1,052,908)
Operating profit	5	**2,509,734**	2,889,530
Finance costs		**(164,857)**	(79,692)
Share of results of joint ventures		**9,995**	9,651
Profit before income tax		**2,354,872**	2,819,489
Income tax expense	4	**(496,694)**	(502,929)
Profit for the year		**1,858,178**	2,316,560
Other comprehensive (loss)/income:			
Item that may be subsequently reclassified to profit or loss			
Currency translation differences		**(793,431)**	386,330
Item that will not be reclassified to profit or loss			
Currency translation differences		**(44,764)**	–
Other comprehensive (loss)/income for the year		**(838,195)**	386,330
Total comprehensive income for the year		**1,019,983**	2,702,890

	Note	**2023**	2022
		HK$'000	*HK$'000*
Profit for the year attributable to:			
Owners of the Company		**1,914,914**	2,247,491
Non-controlling interests		**(56,736)**	69,069
		1,858,178	2,316,560
Total comprehensive income for the year attributable to:			
Owners of the Company		**1,121,483**	2,578,251
Non-controlling interests		**(101,500)**	124,639
		1,019,983	2,702,890
Earnings per share attributable to owners of the Company			
– Basic *(HK cents per share)*	6	**48.80**	56.90
– Diluted *(HK cents per share)*	6	**48.77**	56.77

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2023

	Note	2023 HK$'000	2022 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**6,743,332**	6,051,190
Investment properties		**464,734**	495,827
Right-of-use assets		**2,657,316**	2,931,906
Goodwill		**816,174**	1,003,331
Other intangible assets		**215,914**	276,525
Interests in joint ventures		**72,912**	67,773
Financial assets at fair value through profit or loss		**1,826**	1,973
Deferred tax assets		**29,174**	41,025
Deposit paid for a land lease		**3,860**	30,070
Prepayments and deposits paid for acquisition of property, plant and equipment		**220,612**	280,882
		11,225,854	11,180,502
Current assets			
Inventories		**1,449,689**	2,698,697
Properties held for sale		**151,716**	209,623
Properties under development		**167,681**	178,751
Trade receivables and bills receivable	8	**1,598,310**	2,245,088
Other receivables and prepayments	8	**943,908**	775,074
Financial assets at fair value through profit or loss		**343,608**	386,919
Tax recoverable		**14,094**	10,986
Restricted bank balances		**7,394**	4,045
Cash and bank balances		**3,738,234**	2,831,559
		8,414,634	9,340,742
Total assets		**19,640,488**	20,521,244

	Note	2023 HK$'000	2022 HK$'000
EQUITY			
Equity attributable to owners of the Company			
Share capital		**1,568,380**	1,571,225
Reserves		**9,988,397**	10,138,478
		11,556,777	11,709,703
Non-controlling interests		**970,993**	1,038,470
Total equity		**12,527,770**	12,748,173
LIABILITIES			
Non-current liabilities			
Lease liabilities		**143,752**	165,855
Bank borrowings – non-current portion		**350**	566
Deferred tax liabilities		**151,843**	161,423
Other non-current liabilities		**30,753**	1,550
		326,698	329,394
Current liabilities			
Trade payables and bills payable	9	**950,941**	1,155,911
Other payables and accruals	9	**974,682**	1,224,626
Lease liabilities		**79,243**	106,493
Contract liabilities		**363,867**	354,907
Bank borrowings – current portion		**4,176,079**	4,335,016
Tax payable		**241,208**	266,724
		6,786,020	7,443,677
Total liabilities		**7,112,718**	7,773,071
Total equity and liabilities		**19,640,488**	20,521,244

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

1. GENERAL INFORMATION

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

The Company acts as an investment holding company.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its 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 and the principal accounting policies applied in the preparation of these consolidated financial statements are included in the 2023 Annual Report.

(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 2022.

IAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before Intended Use
IAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvement Project (Amendments)	Annual Improvements to IFRS Standards 2018–2020
IFRS 3 (Amendments)	Reference to the Conceptual Framework
IFRS 16 (Amendments) (March 2021)	Covid-19 Related Rent Concessions beyond 30 June 2021

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 2023 or later periods, but have not been early adopted by the Group.

IAS 1 (Amendments)	Non-current Liabilities with Covenants[2]
IAS 1 (Amendments)	Classification of Liabilities as Current or Non-current[2]
IFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback[2]
IFRS 17 (New Standard)	Insurance Contracts[1]
IAS 1 and IFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies[1]
IAS 8 (Amendments)	Definition of Accounting Estimates[1]
IAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]
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 2023

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

(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. 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")
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, furniture mall business and lease of properties
Home Group business	–	manufacture and distribution of sofas and ancillary products by Home Group

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

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

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

There is change in operating and reportable segment. The segment of bedding and ancillary products represented manufacture and distribution of bedding and ancillary products and segment of other products represented 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 (2022: the segment of other products represented manufacture and distribution of chairs and other products to commercial clients, mattress, smart furniture spare parts and metal mechanism for recliners, income from sales of scrap metal etc.). The comparative information has been revised in conformity with the current presentation accordingly.

Segment revenues and results

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

For the year ended 31 March 2023

	Sofas and ancillary products *HK$'000*	Bedding and ancillary products *HK$'000* *(Note)*	Other products *HK$'000* *(Note)*	Other business *HK$'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**

For the year ended 31 March 2022

	Sofas and ancillary products *HK$'000*	Bedding and ancillary products *HK$'000* *(Note)*	Other products *HK$'000* *(Note)*	Other business *HK$'000*	Home Group business *HK$'000*	Total *HK$'000*
Revenue						
External sales	14,616,557	3,381,770	2,236,450	371,128	890,878	21,496,783
Results						
Segment results	2,148,018	699,658	202,940	197,645	7,834	3,256,095
Other income						291,137
Share of results of joint ventures						9,651
Exchange losses, net						(360)
Fair value losses on investment properties						(300)
Losses from changes in fair value of financial assets at FVPL						(504)
Finance costs						(79,692)
Unallocated expenses						(656,538)
Profit before income tax						2,819,489

Other information

Amounts included in the measure of segment result:

	Sofas and ancillary products ***HK$'000***	**Bedding and ancillary products** ***HK$'000*** ***(Note)***	**Other products** ***HK$'000*** ***(Note)***	**Other business** ***HK$'000***	**Home Group business** ***HK$'000***	**Total** ***HK$'000***
For the year ended 31 March 2023						
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**

Amounts included in the measure of segment result:

	Sofas and ancillary products *HK$'000*	Bedding and ancillary products *HK$'000* *(Note)*	Other products *HK$'000* *(Note)*	Other business *HK$'000*	Home Group business *HK$'000*	Total *HK$'000*
For the year ended 31 March 2022						
Loss/(gain) on disposal of property, plant and equipment	3,124	260	1,439	–	(127)	4,696
Depreciation and amortisation	494,895	48,695	62,872	41,959	36,112	684,533
Provision for impairment of trade receivables and bills receivable	377	–	19,727	–	(279)	19,825
Provision for/(reversal of) impairment of inventories	2,709	–	–	–	(722)	1,987

Note: The comparative information has been revised in conformity with the current presentation.

Geographical information

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

	2023 *HK$'000*	2022 *HK$'000*
PRC (including Hong Kong and Macau)	**11,388,618**	13,563,935
North America	**4,188,848**	5,667,477
Europe	**1,149,321**	1,580,265
Others	**624,319**	685,106
	17,351,106	21,496,783

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

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

	2023	2022
	HK$'000	*HK$'000*
PRC (including Hong Kong and Macau)	**9,606,098**	9,128,977
Europe	**350,795**	517,468
Vietnam	**1,236,923**	1,407,038
Others	**2,864**	85,994
	11,196,680	11,139,477

During the year, none of the Group's customers individually contributed more than 10% of the Group's revenue (2022: none).

4. INCOME TAX EXPENSE

	2023	2022
	HK$'000	*HK$'000*
Current income tax:		
PRC Corporate Income Tax ("PRC CIT")	**393,657**	368,289
PRC Withholding Income Tax	**35,089**	46,191
PRC Land Appreciation Tax ("PRC LAT")	**797**	5,653
Macau Complementary Tax	**27,035**	60,361
U.S. Federal and State Corporate Income Taxes ("U.S. CIT")	**1,698**	2,444
Others	**24,919**	19,250
Under-provision in prior years	**12,302**	3,159
	495,497	505,347
Deferred income tax charge/(credit)	**1,197**	(2,418)
	496,694	502,929

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years, except for a PRC subsidiary of the Company, carrying out business in the western region of the PRC, which qualifies for the preferential tax rate of 15%.

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

The U.S. CIT charge comprises federal income tax calculated at 21% (2022: 21%) and state income tax calculated from 0% to 9% (2022: 0% to 9%) on the estimated assessable profits of the subsidiary of the Company which was incorporated in the U.S..

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

5. OPERATING PROFIT

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

	2023	2022
	HK$'000	*HK$'000*
Cost of inventories	**8,502,750**	11,229,027
Auditor's remuneration		
– audit services	**3,800**	3,800
– non-audit services	**773**	2,807
Amortisation of intangible assets	**52,341**	54,382
Depreciation of property, plant and equipment	**525,088**	530,839
Depreciation of right-of-use assets	**107,086**	99,312
Employee benefit expenses (including directors' emoluments)	**2,934,144**	3,238,391
Short-term lease payment	**31,792**	58,635
Provision for impairment of trade receivables and bills receivable	**14,578**	19,825
Provision for impairment of other receivables	**31,358**	9,958
Provision for impairment of goodwill	**133,753**	–
Provision for impairment of intangible assets	**125**	–
Provision for impairment of property, plant and equipment	**52,534**	–
Provision for impairment of inventories	**12,441**	1,987
Legal and professional fee	**193,461**	64,796

6. EARNINGS PER SHARE

Profit per share is computed as follows:

	2023	2022
Basic		
Profit attributable to equity owners of the Company for the year *(HK$'000)*	**1,914,914**	2,247,491
Weighted average outstanding ordinary share, in thousands	**3,924,077**	3,950,168
Basic earnings per share for the year in HK cents	**48.80**	56.90
Diluted		
Profit attributable to equity owners of the Company for the year *(HK$'000)*	**1,914,914**	2,247,491
Weighted average outstanding ordinary share, in thousands	**3,924,077**	3,950,168
Effect of dilutive potential ordinary shares on exercise of share options	**2,003**	8,519
Weighted average outstanding ordinary shares after assuming dilution, in thousands	**3,926,080**	3,958,687
Diluted earnings per share for the year in HK cents	**48.77**	56.77

7. DIVIDENDS

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

	2023	2022
	HK$'000	*HK$'000*
Final dividend for 2022 of HK$0.17 (2022: HK$0.16 for 2021) per share	**667,877**	633,588
Interim dividend for 2023 of HK$0.15 (2022: HK$0.13 for 2022) per share	**587,661**	513,774
	1,255,538	1,147,362

A final dividend of HK$0.10 per share in respect of the year ended 31 March 2023, amounting to approximately HK$392,095,000 to be paid to the shareholders of the Company whose names appear on the Company's register of members on Monday, 10 July 2023, has been proposed by the board of directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

8. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2023	2022
	HK$'000	*HK$'000*
Trade receivables and bills receivable	**1,633,574**	2,269,774
Less: provision for impairment of trade receivables and bills receivable	**(35,264)**	(24,686)
Trade receivables and bills receivable, net	**1,598,310**	2,245,088
Other receivables and prepayments		
Valued added taxes recoverable	**214,504**	186,827
Deposits	**99,769**	80,473
Prepayments to suppliers	**290,500**	360,597
Loan receivable	**228,269**	–
Sundry receivables	**142,270**	157,135
Less: provision for impairment of other receivables	**(31,404)**	(9,958)
	943,908	775,074

As at 31 March 2023, total bills receivable amounted to HK$22,099,000 (2022: HK$34,146,000). All bills receivable by the Group are with a maturity period of less than six months.

The Group generally allows a credit period of 30 to 90 days for customers. The aging analysis of the Group's trade 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:

	2023	2022
	HK$'000	*HK$'000*
0–90 days	**1,535,390**	2,164,387
91–180 days	**41,788**	64,419
Over 180 days	**21,132**	16,282
	1,598,310	2,245,088

9. TRADE AND OTHER PAYABLES AND ACCRUALS

	2023	2022
	HK$'000	*HK$'000*
Trade payables and bills payable	**950,941**	1,155,911
Other payables and accruals		
Accruals	**546,996**	711,012
Provision for legal claim *(Note)*	**84,528**	–
Payables for acquisition of property, plant and equipment	**29,161**	20,874
Others payable	**313,997**	492,740
	974,682	1,224,626

Note: As at 31 March 2023, the Group had provision 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 after consultation with the legal counsel.

On 11 May 2023, the court issued a judgement in favor of former supplier of USD15,143,000 (equivalent to HK$118,881,000). The Group will lodge an appeal against the judgement.

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:

	2023	2022
	HK$'000	*HK$'000*
0–90 days	**950,475**	1,154,833
91–180 days	**152**	917
Over 180 days	**314**	161
	950,941	1,155,911

10. CAPITAL COMMITMENTS

	2023	2022
	HK$'000	*HK$'000*
Capital expenditure contracted but not provided for in the consolidated financial statements in respect of		
– acquisition and construction of property, plant and equipment	**409,563**	306,116
– construction of production plant	**558,073**	1,037,613
	967,636	1,343,729
Other commitments of		
– construction of properties under development	**2,182**	5,603
	2,182	5,603
Total	**969,818**	1,349,332

MARKET AND BUSINESS REVIEW

The global and Chinese economies underwent profound changes amid the three-year COVID-19 pandemic (the "Pandemic"). After the Sino-US trade war and changes in the development of Sino-US relations, China can no longer enjoy the benefits from export volume during the past two decades after it's accession to the WTO. The Chinese market also underwent industrial and economic structural adjustments in the three-year Pandemic. Faced with significant changes in the external environment, many enterprises were hard hit by the turmoil, but even more quality enterprises were offered the opportunity to reinforce their foundation and enhance their core competitiveness, and strengthen their ability to operate steadily amid such changes, creating winners in the changing world.

We proactively developed our domestic sales business while riding on our diverse market mix and rapid response to the export crisis from the Sino-US trade war. In three years, the Group's business gradually emerged from export-based OEM to a business model based on branded sales. At present, the share of the Group's branded sales business in China is over 60%. During FY2019-2022, the Group's revenue from its principal business in the Chinese market increased from HK$5,495,260,000 to HK$13,563,935,000, an increase of 146.8%; revenue from its principal business in overseas markets increased from HK$5,762,532,000 to HK$7,932,848,000, an increase of 37.7%. During the Review Period, China's consumption and export orders were hit to varying degrees due to a confluence of macro-economic factors in China and the United States that affected sales, including the Pandemic and real estate policies in China and inflation in the United States economy.

After 30 years of hardships and breakthroughs in different economic cycles, the Group has gradually boosted its risk resilience, and it can still maintain steady and robust development amid external shocks. Meanwhile, we have continued to seize opportunities to reinforce our foundation, improve product R&D capability and differentiated competitiveness, enrich the Company's product lines, consolidate brand influence, proactively expand the domestic market and strengthen the capacity building of dealers. According to the latest market research report published by Euromonitor International in April 2023, the Group has been the world's top seller of recliner sofas for five consecutive years.

1 China Market

The Chinese market was most severely affected by the Pandemic in the year, making a great impact on the offline business of the Group in the Chinese market, and the operating pressure of dealers heightened significantly. During the Review Period, the Group's revenue from its principal business in the Chinese market was HK$11,092,715,000 (excluding real estate, mall property and other business revenue), representing a decrease of 15.9% over the Last Corresponding Period, which was HK$13,192,807,000.

At the beginning of the financial year, we took the initiative to formulate strategies to relieve the pressure on dealers, strengthen live broadcast training and empowerment of dealers, and attract traffic to offline stores through marketing activities. Meanwhile, amid the Pandemic, we stepped up internal and dealer management enhancement, helped train dealers on the use of the CRM system, achieved visual-based data of dealers and store operations, and helped dealers better understand C-end market demand and achieve single-store growth. The Group also took advantage of the opportunity of the Pandemic to build a large-sized, operation-oriented middle platform, and basically achieved real-time data and visual-based management for products. Faced with the downturn of the real estate industry, we took the lead in adjusting sales strategies in a timely manner, highlighted product differentiation competitiveness and marketing promotion, and achieved growth in the existing huge software market.

In terms of the offline sales channels in the Chinese market, based on the layout of our stores in cities across the country, as well as the current economic and consumer market conditions every year, we steadily and actively developed stores in markets of third-tiered cities or below to further improve the layout of domestic offline channels and manage stores in a more refined and sound manner. As at 31 March 2023, the Group had a total of 6,471 brand stores in China (excluding 1,706 Style, Pulini and Suning stores). During the Review Period, we achieved a net increase of 503 in the number of our brand stores.

In terms of the online sales channels in the Chinese market, the Group had stronger first-mover advantage in Tmall, JD.com and other traditional e-commerce sales platforms as well as live broadcast e-commerce players, and stepped up promotion of the live broadcast sales model. Through short video promotion, live broadcast of our own stores, and in-depth collaboration with leading online streamers, we achieved continued increase in online brand influence and sales conversion.

2 North America Market

The American market is still a main consumer of recliner sofas and continues to occupy an important position and serve as a reference for development in the global recliner sofa market. Inflation in the United States dampened consumer sentiment last year, which, coupled with high pipeline inventory, resulted in weak demand for export orders throughout the year. During the Review Period, the Group's revenue in the North America market decreased significantly compared with that of the Last Corresponding Period. During the Review Period, revenue from principal business in the North America market amounted to HK$4,188,848,000, representing a decrease of approximately 26.1% from HK$5,667,477,000 in the Last Corresponding Period. According to calculations of Euromonitor International based on desk research, visits to retail outlets and industry interviews conducted in April 2023, the Group's sales ranked third among American recliner sofa manufacturers, with a market share of 10.1%.

In order to mitigate the adverse impact on revenue and gross profit due to higher tariffs imposed by the United States government, the Group acquired a plant in Vietnam in June 2018, which was put into operation in 2020. Currently, the Vietnam plant is the main base for exports to the American market. We have gradually acquired mature capability in overseas factory construction, operation and management after several years. To further improve the gross profit margin and product structure for exports, the Group also had some high-end sofas of its own brand produced in factories in China and exported to the United States. In 2021, shipping capacity of ports was tight and sea freight rose sharply, which imposed a heavy burden on the Group's export costs. In January 2022, the Group set up a factory in Mexico to have two factories for overseas supply, reducing the risk of export operations, shortening distribution distance and reducing the risk of shipping.

3 Europe and Other Overseas Markets

During the Review Period, the Group recorded a decrease in revenue in Europe and other overseas markets (excluding Home Group), and revenue from principal business amounted to HK$1,161,066,000, representing a year-on-year decrease of 15.5% from HK$1,374,493,000 for the Last Corresponding Period.

During the Review Period, due to the impact of the Pandemic and the war between Russia and Ukraine, revenue from the principal business of Home Group decreased significantly by 31.2% year-on-year. The Group's production facilities in Ukraine were not materially disrupted during the Review Period. Due to the decline in Home Group's revenue and the unpredictable factors of the war, the Group carefully considered and made a provision for impairment of goodwill of HK$133,753,000 for Home Group in the financial year, and the management will proactively prepare to assume production of the factory in Ukraine based on the dynamics of the war.

FINANCIAL REVIEW

Revenue and Gross Profit Margin

	Revenue *(HK$'000)*			**As a percentage of revenue *(%)***		**Gross profit margin *(%)***	
	FY2023	FY2022	Change *(%)*	**FY2023**	FY2022	**FY2023**	FY2022
Business of sofas and ancillary products	**12,298,602**	14,616,557	(15.9)%	**69.1%**	67.1%	**38.5%**	37.3%
Business of bedding and ancillary products	**2,726,781**	3,381,770	(19.4)%	**15.3%**	15.5%	**44.5%**	40.8%
Other products	**1,417,246**	2,236,450	(36.6)%	**8.0%**	10.3%	**22.9%**	24.0%
Home Group business	**612,574**	890,878	(31.2)%	**3.4%**	4.1%	**23.5%**	25.3%
Other business	**295,903**	371,128	(20.3)%	**1.7%**	1.7%	**88.3%**	79.9%
Other income	**437,758**	291,137	50.4%	**2.5%**	1.3%	**–**	–
Total	**17,788,864**	21,787,920	(18.4)%	**100.0%**	100.0%	**38.5%**	36.7%

During FY2023, total revenue (including the income from main businesses and other income) decreased by approximately 18.4% to approximately HK$17,788,864,000 (Last Corresponding Period: approximately HK$21,787,920,000). The overall gross profit margin (excluding the other income) for the current financial year was approximately 38.5% (Last Corresponding Period: approximately 36.7%).

During the Review Period, excluding Home Group business, the Group sold approximately 1,502,000 sets of sofa products (FY2022: approximately 1,896,000 sets), representing a decrease of approximately 20.8% (one set of sofa products equals to six seats, excluding chairs and other products which were sold to commercial clients).

1 Sofas and Ancillary Products Business

During the Review Period, revenue from business of sofas and ancillary products was approximately HK$12,298,602,000, representing a decrease of approximately 15.9% as compared to approximately HK$14,616,557,000 in the Last Corresponding Period.

1.1 China market

During the Review Period, revenue from the China market reached approximately HK$7,546,520,000, down by approximately 12.5% from approximately HK$8,627,693,000 in the Last Corresponding Period.

During the Review Period, the Group continued to improve the competitiveness of our products, and enabled dealers to improve their operation and management, in order to ensure good store performance in spite of the increase of number of stores. In addition, we have achieved coordinated development online and offline, by constantly embracing changes and making good use of new media such as TikTok and new channels such as live streaming. We have realized the continuous improvement of the brand influence of "CHEERS", and gradually strengthened the awareness of consumers on recliner sofa, thus bringing the domestic recliner sofa into the fast track of development.

1.2 North America market

During the Review Period, the revenue from the North America market was approximately HK$3,981,267,000, down approximately 26.4% from approximately HK$5,410,362,000 in the Last Corresponding Period. Among the revenue from North America during the Review Period, the revenue from the United States and Canada was approximately HK$3,780,639,000 and HK$192,619,000 respectively.

1.3 Europe and other overseas markets

During the Review Period, the sales revenue of sofa and supporting products from the Europe and other overseas markets was approximately HK$770,815,000, representing an increase of approximately 33.2% from approximately HK$578,502,000 in the Last Corresponding Period.

2 Bedding and Ancillary Products Business

During the Review Period, revenue from business of bedding and ancillary products was approximately HK$2,726,781,000, representing a decrease of approximately 19.4% as compared to approximately HK$3,381,770,000 in the Last Corresponding Period.

3 Sales of Other Products

During the Review Period, the Group's revenue from sales of other products was approximately HK$1,417,246,000, down approximately 36.6% from approximately HK$2,236,450,000 in the Last Corresponding Period.

4 Business of Home Group

During the Review Period, revenue from Home Group reached approximately HK$612,574,000, down approximately 31.2% compared with approximately HK$890,878,000 in the Last Corresponding Period.

5 Other Business

During the Review Period, revenue from the real estate, hotel, and furniture mall business and service of the Group reached approximately HK$295,903,000, representing a decrease of approximately 20.3% compared with approximately HK$371,128,000 in the Last Corresponding Period.

6 Other Income

During the Review Period, other income of the Group was approximately HK$437,758,000, representing an increase of approximately 50.4% as compared with approximately HK$291,137,000 in the Last Corresponding Period.

Cost of Goods Sold

Breakdown of cost of goods sold

	FY2023 *HK$'000*	FY2022 *HK$'000*	**Change** *(%)*
Cost of raw materials	**8,268,801**	10,990,545	(24.8)%
Labour costs	**1,779,759**	1,976,527	(10.0)%
Manufacturing overhead	**624,279**	639,116	(2.3)%
Total	**10,672,839**	13,606,188	(21.6)%

Major raw materials	**Average unit cost year-on-year change** *(%)*
Leather	-9.5%
Steel products	-17.0%
Wood	-7.7%
Fabric	-7.8%
Chemicals	-17.4%
Packaging paper	-2.4%

Other Gains and Losses

During FY2023, other gains and losses of the Group amounted to losses of approximately HK$241,416,000 (the Last Corresponding Period: losses of approximately HK$49,350,000). The aforesaid losses in the Review Period were mainly attributable to the impairment provision for goodwill and fixed assets.

Selling and Distribution Expenses

Selling and distribution expenses decreased by approximately 20.8% from approximately HK$4,189,944,000 in FY2022 to approximately HK$3,317,923,000 in FY2023. Selling and distribution expenses as a percentage of revenue decreased from approximately 19.5% in FY2022 to approximately 19.1% in FY2023. The decrease was mainly attributable to the following:

(a) Advertising, promotion, and brand building expenses decreased by approximately 15.4% from approximately HK$547,936,000 to approximately HK$463,774,000, and their percentage in revenue increased from approximately 2.5% to approximately 2.7%. Among the expenses, promotion expenses decreased by approximately 4.4% from approximately HK$357,383,000 to approximately HK$341,768,000, and their percentage in revenue increased from approximately 1.7% in FY2022 to approximately 2.0% in FY2023; advertising expenses decreased by approximately 70.4% from approximately HK$176,251,000 to approximately HK$52,180,000, and their percentage in revenue decreased from approximately 0.8% in FY2022 to approximately 0.3% in FY2023;

(b) Salaries, welfare, and commissions of sales staff decreased by approximately 2.1% from approximately HK$802,052,000 to approximately HK$784,873,000, and their percentage in revenue increased from approximately 3.7% in FY2022 to approximately 4.5% in FY2023;

(c) Overseas transportation and port expenses decreased by approximately 39.6% from approximately HK$1,313,829,000 to approximately HK$793,773,000, as a percentage of revenue it decreased from approximately 6.1% last year to approximately 4.6% in FY2023. Domestic transportation expenses decreased by approximately 10.3% from approximately HK$521,921,000 to approximately HK$468,368,000. As a percentage of revenue it increased from approximately 2.4% last year to approximately 2.7% in FY2023;

(d) Customs duties imposed on goods exported to the United States down by approximately 47.4% from approximately HK$173,133,000 to approximately HK$91,042,000. The duties accounted for as a percentage of revenue decreased from approximately 0.8% last year to approximately 0.5% in FY2023;

(e) Network service expenses increased by approximately 24.2% from approximately HK$123,731,000 to approximately HK$153,661,000. As a percentage of revenue it increased from approximately 0.6% last year to approximately 0.9% in FY2023.

Administrative and Other Expenses

Administrative and other expenses decreased by approximately 0.6% from approximately HK$1,052,908,000 in FY2022 to approximately HK$1,046,952,000 in FY2023. As a percentage of revenue, administrative and other expenses were approximately 6.0% (FY2022: approximately 4.9%).

Income Tax Expense

Income tax expense decreased by approximately 1.2% from approximately HK$502,929,000 in FY2022 to approximately HK$496,694,000 in FY2023. The proportion of income tax expense to profit before tax increased from approximately 17.8% in FY2022 to approximately 21.1% in FY2023.

Profit Attributable to Owners of the Company and Net Profit Margin

The profit attributable to owners of the Company decreased by approximately 14.8% from approximately HK$2,247,491,000 in FY2022 to approximately HK$1,914,914,000 in FY2023. The net profit margin of owners of the Group increased from 10.5% in FY2022 to approximately 11.0% in FY2023. The increase in net profit margin attributable to owners of the Company was mainly due to the increase in gross profit margin from approximately 36.7% in FY2022 to approximately 38.5% in FY2023.

Dividends

The Board has proposed a final dividend of HK10 cents per share for FY2023. During FY2023, the Board declared and paid an interim dividend of HK15 cents per share. Total dividends declared for FY2023 accounted for approximately 51.2% of the profit attributable to owners of the Company.

Working Capital

As at 31 March 2023, the Group's cash and bank balances were approximately HK$3,738,234,000 (31 March 2022: approximately HK$2,831,559,000), of which approximately HK$3,540,054,000 was denominated in RMB, approximately HK$136,215,000 was denominated in Euro, approximately HK$42,982,000 was denominated in USD and approximately HK$870,000 was denominated in HKD (31 March 2022: approximately HK$2,199,898,000 were denominated in RMB, approximately HK$99,117,000 was denominated in Euro, approximately HK$479,117,000 were denominated in USD and approximately HK$31,380,000 were denominated in HKD).

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 2023, the Group's short-term borrowings amounted to approximately HK$4,176,079,000 and long-term borrowings amounted to approximately HK$350,000. The Group's major bank borrowings are denominated in HKD, RMB and USD and carry interest at fixed and variable rates. The fixed rates ranged from 0.65% to 3.90% (FY2022: 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 4.04% to 4.71% (FY2022: 1.17% to 2.15%), or the best lending rate quoted by the Hongkong and Shanghai Banking Corporation Limited plus 1% or (ii) Euro Interbank Offered Rate plus a spread, ranging from 2.35% to 5.37% (FY2022: 2.10% to 2.80%). The weighted average effective interest rates of the above variable-rate and fixed-rate bank borrowings was 4.40% and 2.74% (FY2022: 1.48% and 2.72%), per annum.

The Group's primary source of working capital is cash flow from operating activities and bank deposits. As at 31 March 2023, the Group's current ratio was approximately 1.2 (31 March 2022: approximately 1.3). As at 31 March 2023, the Group's gearing ratio was approximately 36.1% (31 March 2022: approximately 37.0%), 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 FY2023, the Group provided an impairment allowance for inventories of approximately HK$12,441,000 (FY2022: approximately HK$1,987,000).

Impairment Loss on Trade Receivables and Bills Receivable

For FY2023, the Group provided impairment loss on trade receivables and bills receivable of approximately HK$14,578,000 (FY2022: approximately HK$19,825,000).

Pledge of Assets

As at 31 March 2023, there was approximately HK$7,394,000 restricted bank balances (31 March 2022: HK$4,045,000). As at 31 March 2023, some subsidiaries of Home Group under the Group pledged certain assets for financing, including property, plant and equipment with a book value of approximately HK$871,000 (31 March 2022: property, plant and equipment with a book value of approximately HK$1,615,000).

Capital Commitments and Contingent Liabilities

Save as disclosed in note 10 to the consolidated financial statements, the Group did not have any material capital commitments as at 31 March 2023.

As at 31 March 2023, the Group did not have any material contingent liabilities.

As at 31 March 2023, the Group had provision classified as current liabilities related to litigations filed by a former supplier against the Group. No payment has been made. The Group has made a provision of approximately HK$84,528,000, which reflects the management's best estimate after consultation with the legal counsel.

On 11 May 2023, the court issued a judgement in favor of former supplier of USD15,143,000 (equivalent to HK$118,881,000). The Group will lodge an appeal against the judgement.

In cases where the actual future outcomes differ from the estimation, further provision may be 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 USD. In addition, the Group's sales in Mainland China and Hong Kong markets are settled in RMB and HKD respectively. Except for the business of Home Group, the Group's costs are mainly settled in USD, RMB, and HKD. The revenue of Home Group's current business in Europe was settled mainly in Euro, while the cost was settled mainly in Euro, UAH (Ukrainian hryvnia) and PLN (Polish zloty). The Group has no hedging policy (such as using any financial instrument) with respect to foreign exchange exposure.

Significant Investments and Acquisitions

Save as disclosed in this announcement, the Group did not have any significant investments or material acquisitions or disposals of subsidiaries, associates or joint ventures during the FY2023. 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 2023, the Group had 25,832 employees (31 March 2022: 28,685 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 FY2023, the total staff costs for the Group amounted to approximately HK$2,934,144,000 (FY2022: approximately HK$3,238,391,000), of which approximately HK$15,799,000 (FY2022: approximately HK$35,742,000) was Directors' emoluments. The Group endeavours to keep the remuneration packages of its employees competitive and reward employees based on their performance. As part of the Group remuneration system and policy, we have adopted a share option scheme and a share award scheme, both of which enable the Group to reward employees and incentivise them to perform better.

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

During FY2023, the Company repurchased a total of 11,647,600 ordinary shares of the Company at an aggregate purchase price of approximately HK$58,958,729 (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 Highest	Lowest	Aggregate purchase price
		HK$	*HK$*	*(Approx. HK$)*
October 2022	11,647,600	5.30	4.83	58,958,729
Total	11,647,600			58,958,729

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

FUTURE PLANS AND OUTLOOK

The Group has always been keenly aware of market changes, carried out diverse channel planning and adhered to the core business strategy of "product + brand". We will strengthen product innovation and R&D, focusing on the continuous improvement of product quality. By offering more upgraded recliner sofas featuring small size, beautiful appearance, lightness, and lying flat function, we will provide consumers with nicer and more comfortable experience. Our self-produced smart iron frame ranks first globally in terms of sales volume, which has a large number of core patents and possesses functional attributes such as low seats, close alignment with the wall and zero gravity feeling. We have gradually offered a full spectrum of smart iron frames (including American, Italian and German styles), and will continue to constantly strengthen R&D breakthroughs, which can provide strong support for the development and innovation of sofa and mattress products of the Group and enrichment of product lines, achieving independent controllability and differentiated barriers in the Group's products.

The Group will increase investment in aspects including smart manufacturing, digital management and brand influence. Through integrated operation and automated production process, the sofa production process has achieved another breakthrough and innovation, reducing workforce intensity and production costs, and enhancing long-term competitiveness. We will also attach importance to the cultivation of talents and establishment of an institutional echelon, and implement a five-year management trainee scheme to strengthen our youthful vitality. Meanwhile, we will continue to improve our salary and performance policy, rely on adopting performance management as our overall approach and implement an institutional reform strategy. We will stimulate business creativity through appropriate institutional structure adjustments.

Despite the on-going challenges in the external environment of the Chinese market over the past three years, we keep assessing and strengthening the Company's core competitiveness. Overall, the fundamentals of China's economy remain positive. The development of China's upholstered furniture market is still in its early stages, with a low market share of top enterprises and a huge untapped market space. In recent years, functional furniture becomes increasingly favoured by consumers due to the intelligent and convenient user experience it provides. Currently, China's recliner sofa industry is still in a development stage of low penetration rate and high growth potential.

The Group continues to unswervingly implement the strategy of dominating the Chinese market, and strives to provide consumers with differentiated products that are user-friendly, exquisite and affordable. With quality products backed by brands and marketing channels, we aim to significantly enhance the brand influence of "CHEERS" in the field of upholstered furniture, and draw consumers' attention to our recliner sofas, thereby increasing our share in the Chinese market. Given that recliner sofas in the United States and Europe are mainly imported from overseas, the construction and operation of overseas factories will continue to provide important support. The Group will leverage its scalable production capacity, product quality, and cost advantages to continuously expand its market share in Europe and America as demand in overseas markets recovers.

MAJOR EVENTS SUBSEQUENT TO THE REVIEW PERIOD

Save as disclosed herein, the directors are not aware of any significant event requiring disclosure that had taken place subsequent to 31 March 2023 and up to date of this announcement.

CORPORATE GOVERNANCE PRACTICES

The Company has a policy of seeking to comply with established best practices in corporate governance. The Board believes that good corporate governance is crucial to improving the efficiency and performance of the Group and to safeguarding the interests of its shareholders (the "Shareholders").

Corporate Governance Code

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

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

Under the Code Provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. 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 10 to the Listing Rules as a code of conduct of the Company for Directors' securities transactions. The Company has made specific enquiry of all Directors and the relevant employees regarding any non-compliance with the Model Code during the Review Period, and they all confirmed that they had fully complied with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions. Employees who are deemed to be in possession of unpublished price sensitive information in relation to the Company or its shares are prohibited from dealing in shares of the Company during the black-out period.

AUDIT COMMITTEE

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

Working closely with the external auditors, the Audit Committee has reviewed the Group's audited consolidated results for the financial year ended 31 March 2023.

CLOSURE OF REGISTER OF MEMBERS

Shareholders whose names appear on the Company's register of members on Friday, 30 June 2023, will be eligible to attend and vote at the annual general meeting of the Company to be held on Friday, 30 June 2023 (the "AGM"). The transfer books and register of members will be closed from Monday, 26 June 2023 to Friday, 30 June 2023, both days inclusive, during which period no transfer of Shares will be effected. In order to determine the identity of Shareholders who are entitled to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 23 June 2023.

Shareholders whose names appear on the Company's register of members on Monday, 10 July 2023, will qualify for the proposed final dividend. The Company's transfer books and register of members will be closed from Thursday, 6 July 2023 to Monday, 10 July 2023 (both days inclusive) for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to qualify for the proposed final dividend, all transfer forms accompanied by the relevant Share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited located at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 5 July 2023. The proposed final dividend (the payment of which is subject to the Shareholders' approval at the AGM) is expected to be paid on Thursday, 20 July 2023 to Shareholders whose name appear on the register of members of the Company on Monday, 10 July 2023.

SCOPE OF WORK OF MESSRS. PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2023 as set out in this announcement have been agreed by the Group's auditor, Messrs. PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the FY2023. The work performed by Messrs. PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. PricewaterhouseCoopers on this announcement.

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

Hong Kong, 15 May 2023

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