

H. K. E. C. L. T. S. E. H. K. L.



敏華控股有限公司

(Incorporated in Bermuda with limited liability)

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**INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023
AND
CLOSURE OF REGISTER OF MEMBERS**

INTERIM RESULTS

The board (the “B a d”) of directors (the “Di ec_t”) of Man Wah Holdings Limited (the “C_ua”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “G_”) for the six months ended 30 September 2023 (“1HFY2024” or the “Re ie Pe i d”). These interim results have been reviewed by the Company’s audit committee (“A di_t C_ i_t ee”).

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 September 2023

		Six months ended 30 September 2023	2022
	Note	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue and other income		<u>9,151,563</u>	<u>9,533,349</u>
Revenue	3	8,937,569	9,289,026
Cost of goods sold		<u>(5,445,649)</u>	<u>(5,680,951)</u>
Gain from		3,491,920	3,608,075
Other income		213,994	244,323
Other losses, net		(142,290)	(25,121)
Selling and distribution expenses		(1,604,156)	(1,843,264)
Administrative and other expenses		<u>(450,051)</u>	<u>(564,496)</u>
Operating profit		1,509,417	1,419,517
Finance costs		(98,266)	(61,068)
Share of results of joint ventures		<u>3,144</u>	<u>1,788</u>
Profit before income tax		1,414,295	1,360,237
Income tax expense	4	<u>(229,716)</u>	<u>(292,061)</u>
Profit for the period		<u>1,184,579</u>	<u>1,068,176</u>
Other comprehensive income:			
Loss from currency translation differences		<u>(765,704)</u>	<u>(1,322,386)</u>
Other comprehensive income for the period		<u>(765,704)</u>	<u>(1,322,386)</u>
Total comprehensive income/(loss) for the period		<u>418,875</u>	<u>(254,210)</u>

	Six Months ended 30 September	
Note	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit/(Loss) of the identifiable intangible assets:		
Owners of the Company	1,136,042	1,092,131
Non-controlling interests	48,537	(23,955)
	<u>1,184,579</u>	<u>1,068,176</u>
Total comprehensive income/(loss) of the identifiable intangible assets:		
Owners of the Company	417,020	(135,750)
Non-controlling interests	1,855	(118,460)
	<u>418,875</u>	<u>(254,210)</u>
Each share attributable to the Company		
- Basic (HK\$)	5 29.05	27.80
- Diluted (HK\$)	5 29.04	27.78

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

	30 September 2023	31 March 2023
Notes	HK\$'000 (Unaudited)	HK\$'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	6,858,136	6,743,332
Investment properties	444,710	464,734
Right-of-use assets	2,510,132	2,657,316
Goodwill	763,190	816,174
Other intangible assets	191,079	215,914
Interests in joint ventures	71,515	72,912
Financial assets at fair value through profit or loss	1,713	1,826
Deferred tax assets	7,726	29,174
Deposits paid for right-of-use assets	3,622	3,860
Prepayments and deposits paid for acquisition of property, plant and equipment	237,132	220,612
	11,088,955	11,225,854
Current assets		
Inventories	1,424,184	1,449,689
Properties held for sale	135,155	151,716
Properties under development	157,356	167,681
Trade receivables and bills receivable	7 1,659,768	1,598,310
Other receivables and prepayments	7 952,784	943,908
Financial assets at fair value through profit or loss	226,021	343,608
Tax recoverable	16,023	14,094
Restricted bank balances	506	7,394
Cash and bank balances	4,306,973	3,738,234
	8,878,770	8,414,634
Total current assets	8,878,770	8,414,634
Total assets	19,967,725	19,640,488

		30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
EQUITY			
E i t a t t i b t a b l e t e f t h e			
C a p i t a l			
Share capital		1,562,681	1,568,380
Reserves		9,947,358	9,988,397
		<u>11,510,039</u>	<u>11,556,777</u>
Non-current liabilities		964,481	970,993
		<u>12,474,520</u>	<u>12,527,770</u>
LIABILITIES			
Non-current liabilities			
Lease liabilities		118,323	143,752
Bank borrowings, non-current portion	9	297	350
Deferred tax liabilities		145,661	151,843
Other non-current liabilities		28,648	30,753
		<u>292,929</u>	<u>326,698</u>
Current liabilities			
Trade payables and bills payable	8	837,445	950,941
Other payables and accruals	8	963,184	974,682
Lease liabilities		58,286	79,243
Contract liabilities		382,038	363,867
Bank borrowings, current portion	9	4,708,740	4,176,079
Tax payable		250,583	241,208
		<u>7,200,276</u>	<u>6,786,020</u>
		<u>7,493,205</u>	<u>7,112,718</u>
		<u>19,967,725</u>	<u>19,640,488</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 September 2023 has been prepared in accordance with International Accounting Standard (“IAS”) 34, ‘Interim financial reporting’. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2023, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

2 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2023, as described in those annual financial statements.

(a) **Adopted new standards and amendments to standards**

The Group has adopted the following new standards 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 1 and IFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies
IFRS 8 (Amendments)	Definition of Accounting Estimates
IFRS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
IFRS 17 (New Standard)	Insurance Contracts

The adoption of the above revised framework and amendments to standards did not have any significant financial impact on this condensed consolidated interim financial information.

(b) **Adopted new standards and interpretations which are effective**

The following are 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.

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

⁽¹⁾ Effective for the accounting period beginning on 1 April 2024

⁽²⁾ Effective date to be determined

The Group will apply the above amendments to standards and interpretations when they become effective. The Group is in the process of making an assessment of the impact of the above amendments to standards and interpretations and does not expect that the adoption of these amendments to standards and interpretations will result in any material impact on the Group’s results 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, finance costs, losses from changes in fair value of financial assets at FVPL, provision for impairment of goodwill and unallocated expenses.

Segment revenue and expense

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

For the interim period ended 30 September 2023 (Unaudited)

	S fa a d a c c i a d c t HK\$'000	Bedd i n g a c c i a d c t HK\$'000	O t h e d c t HK\$'000	O t h e b a l a n c e HK\$'000	H o u s e G r o u p b a l a n c e HK\$'000	T o t a l HK\$'000
Revenue						
External sales	<u>6,176,703</u>	<u>1,491,422</u>	<u>906,688</u>	<u>64,542</u>	<u>298,214</u>	<u>8,937,569</u>
Result						
Segment results	<u>1,154,220</u>	<u>373,919</u>	<u>67,855</u>	<u>18,601</u>	<u>1,090</u>	<u>1,615,685</u>
Other income						213,994
Share of results of joint ventures						3,144
Exchange gains, net						9,471
Finance costs						(98,266)
Loss from change in fair value of financial assets at FVPL						(97,998)
Provision for impairment of goodwill						(12,217)
Unallocated expenses						<u>(219,518)</u>
Profit before income tax						<u>1,414,295</u>

For the six months ended 30 September 2022 (Unaudited)

	Sofas and ancillary products <i>HK\$'000</i>	Bedding and ancillary products <i>HK\$'000</i>	Other products <i>HK\$'000</i>	Other business <i>HK\$'000</i>	Home Group business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue						
External sales	<u>6,707,868</u>	<u>1,389,690</u>	<u>849,916</u>	<u>62,091</u>	<u>279,461</u>	<u>9,289,026</u>
Results						
Segment results	<u>1,099,599</u>	<u>323,717</u>	<u>27,482</u>	<u>8,511</u>	<u>(21,066)</u>	1,438,243
Other income						244,323
Share of results of joint ventures						1,788
Exchange gains, net						57,194
Loss from change in fair value of financial assets at FVPL						(15,801)
Finance costs						(61,068)
Unallocated expenses						<u>(304,442)</u>
Profit before income tax						<u>1,360,237</u>
Geographical information						

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

	Six months ended 30 September 2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)
PRC (including Hong Kong and Macau)	6,069,863	5,775,388
North America	2,037,448	2,564,090
Europe	548,199	546,829
Others (Note 14)	<u>282,059</u>	<u>402,719</u>
	<u>8,937,569</u>	<u>9,289,026</u>

Note 14: Others mainly include Australia, India, Israel and Indonesia. Home Group's business is included in Europe. No further analysis by countries of this category is presented because the revenue from each individual country is insignificant to the total revenue.

During the period, none of the Group's customers individually contributed more than 10% of the Group's revenue (for the period ended 30 September 2022: none).

Disaggregation of the effect of changes in the

For the period ended 30 September 2023 (Unaudited)

Segment	Sofas and ancillary products	Bedding and ancillary products	Other	Other	Home Goods	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The following						
Manufacture and distribution of goods recognised at a point in time						
Sofas and ancillary products	6,176,703	–	–	–	298,214	6,474,917
Bedding and ancillary products	–	1,491,422	–	–	–	1,491,422
Customization and chair	–	–	31,881	–	–	31,881
Metal frame and smart furniture spare parts	–	–	874,807	–	–	874,807
Residential properties	–	–	–	15,417	–	15,417
	<u>6,176,703</u>	<u>1,491,422</u>	<u>906,688</u>	<u>15,417</u>	<u>298,214</u>	<u>8,888,444</u>
Service income – recognised over time	–	–	–	49,125	–	49,125
Total	<u>6,176,703</u>	<u>1,491,422</u>	<u>906,688</u>	<u>64,542</u>	<u>298,214</u>	<u>8,937,569</u>
Geographical area						
PRC (including Hong Kong and Macau)	3,891,414	1,491,422	622,485	64,542	–	6,069,863
North America	1,908,322	–	129,126	–	–	2,037,448
Europe	154,809	–	95,176	–	298,214	548,199
Others	222,158	–	59,901	–	–	282,059
Total	<u>6,176,703</u>	<u>1,491,422</u>	<u>906,688</u>	<u>64,542</u>	<u>298,214</u>	<u>8,937,569</u>

For the six months ended 30 September 2022 (Unaudited)

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						
Manufacture and distribution of goods recognised at a point in time						
Sofas and ancillary products	6,707,868	-	-	-	279,461	6,987,329
Bedding and ancillary products	-	1,389,690	-	-	-	1,389,690
Customization and chair	-	-	116,563	-	-	116,563
Metal frame and smart furniture spare parts	-	-	733,353	-	-	733,353
Residential properties	-	-	-	14,269	-	14,269
	<u>6,707,868</u>	<u>1,389,690</u>	<u>849,916</u>	<u>14,269</u>	<u>279,461</u>	<u>9,241,204</u>
Service income – recognised over time	-	-	-	47,822	-	47,822
Total	<u>6,707,868</u>	<u>1,389,690</u>	<u>849,916</u>	<u>62,091</u>	<u>279,461</u>	<u>9,289,026</u>
Geographical markets						
PRC (including Hong Kong and Macau)	3,834,707	1,389,690	488,900	62,091	-	5,775,388
North America	2,459,746	-	104,344	-	-	2,564,090
Europe	115,543	-	151,825	-	279,461	546,829
Others	297,872	-	104,847	-	-	402,719
Total	<u>6,707,868</u>	<u>1,389,690</u>	<u>849,916</u>	<u>62,091</u>	<u>279,461</u>	<u>9,289,026</u>

4 INCOME TAX EXPENSE

	Six Months ended 30 September 2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Current income tax:		
PRC Corporate Income Tax ("PRC CIT")	146,153	215,966
PRC Withholding Income Tax	43,868	18,021
PRC Land Appreciation Tax ("PRC LAT")	485	791
U.S. Federal and State Corporate Income Taxes ("U.S. CIT")	799	1,052
Macau Complementary Tax	19,525	40,881
Others	8,718	2,493
Deferred tax expense	12,077	12,722
(Over)/under-provision in prior years	(1,909)	135
	<u>229,716</u>	<u>292,061</u>

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods, except for a PRC subsidiary of the Company, carrying out business in the western region of the PRC, which is eligible for preferential tax rate of 15% (six months ended 30 September 2022: 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%.

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

The U.S. CIT charge comprises federal income tax calculated at 21% (six months ended 30 September 2022: 21%) and state income tax calculated from 0% to 9% (six months ended 30 September 2022: 0% to 9%) on the estimated assessable profits of the subsidiary of the Company which was incorporated in the U.S..

The Group's Macau subsidiaries are subject to Macau Complementary Tax at a rate of 12% (six months ended 30 September 2022: 12%) on the assessable income.

5 EARNINGS PER SHARE

Earnings per share is computed as follows:

	Six months ended 30 September 2023 (Unaudited)	2022 (Unaudited)
Basic		
Profit attributable to owners of the Company for the period (HK\$'000)	<u>1,136,042</u>	<u>1,092,131</u>
Weighted average outstanding ordinary shares,	<u>3,910,524</u>	<u>3,928,808</u>
Basic earnings per share for the period, .. HK	<u>29.05</u>	<u>27.80</u>
Diluted		
Profit attributable to owners of the Company for the period (HK\$'000)	<u>1,136,042</u>	<u>1,092,131</u>
Weighted average outstanding ordinary shares, in thousands	<u>3,910,524</u>	<u>3,928,808</u>
Effect of dilutive potential ordinary shares on exercise of share options	<u>578</u>	<u>2,453</u>
Weighted average outstanding ordinary shares after assuming dilution,	<u>3,911,102</u>	<u>3,931,261</u>
Diluted earnings per share for the period, .. HK	<u>29.04</u>	<u>27.78</u>

6 DIVIDENDS

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

	Six months ended 30 September 2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Final dividend for the year ended 31 March 2023 of HK\$0.10 per share (2023: HK\$0.17 final dividend for the year ended 31 March 2022)	<u>390,669</u>	<u>667,877</u>

Subsequent to the end of the current interim period, the directors of the Company have determined that an interim dividend for the six months ended 30 September 2023 of HK\$0.15 per share (2022: an interim dividend of HK\$0.15 per share for the six months ended 30 September 2022) will be paid to the shareholders of the Company whose names appear in the Company's register of members on 1 December 2023.

7 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 September 2023 HK\$'000 (Audited)	31 March 2023 HK\$'000 (Audited)
Trade receivables and bills receivable	1,668,443	1,633,574
Less: provision for credit loss for trade receivables and bills receivable	<u>(8,675)</u>	<u>(35,264)</u>
Trade receivables and bills receivable, net	<u><u>1,659,768</u></u>	<u><u>1,598,310</u></u>
Other receivable and prepayments		
Valued-added taxes recoverable	257,097	214,504
Deposits	39,497	99,769
Prepayments to suppliers	253,410	290,500
Loan receivables	270,979	228,269
Sundry receivables	131,801	142,270
Less: provision for impairment of other receivables	<u>–</u>	<u>(31,404)</u>
	<u><u>952,784</u></u>	<u><u>943,908</u></u>

As at 30 September 2023, total bills receivable amounted to HK\$14,834,000 (31 March 2023: HK\$22,099,000). 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 credit loss for trade receivables and bills receivable) presented based on the invoice date at the end of the reporting period is as follows:

	30 September 2023 HK\$'000 (Audited)	31 March 2023 HK\$'000 (Audited)
0 – 90 days	1,565,758	1,535,390
91 – 180 days	60,482	41,788
Over 180 days	<u>33,528</u>	<u>21,132</u>
	<u><u>1,659,768</u></u>	<u><u>1,598,310</u></u>

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

8 TRADE AND OTHER PAYABLES AND ACCRUALS

	30 September 2023 HK\$'000 (Audited)	31 March 2023 HK\$'000 (Audited)
Trade payable and bill payable	<u>837,445</u>	<u>950,941</u>
Other payable and accruals		
Accruals	543,822	546,996
Payables for acquisition of property, plant and equipment	56,000	29,161
Provision for legal claim (Note 10)	148,267	84,528
Other payables	<u>215,095</u>	<u>313,997</u>
	<u>963,184</u>	<u>974,682</u>

Note 10: As at 30 September 2023, the Group had provision for legal claims and attorneys' fees of US\$18,943,000 (equivalent to HK\$148,267,000) 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.

In case where the actual future outcome differs 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:

	30 September 2023 HK\$'000 (Audited)	31 March 2023 HK\$'000 (Audited)
0 – 90 days	831,390	950,475
91 – 180 days	3,607	152
Over 180 days	<u>2,448</u>	<u>314</u>
	<u>837,445</u>	<u>950,941</u>

9 BANK BORROWINGS

	30 September 2023 HK\$'000 (Audited)	31 March 2023 HK\$'000 (Audited)
Secured (Note 10)	1,895	888
Unsecured	<u>4,707,142</u>	<u>4,175,541</u>
	<u>4,709,037</u>	<u>4,176,429</u>

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

	30 September 2023 HK\$'000 (Audited)	31 March 2023 HK\$'000 (Audited)
The carrying amounts of the above borrowings are repayable:		
Within one year	4,708,740	4,176,079
Within a period of more than one year but not exceeding two years	236	282
Within a period of more than two years but not exceeding five years	61	68
	<u>4,709,037</u>	<u>4,176,429</u>
Less: Amounts due within one year shown under current liabilities	<u>(4,708,740)</u>	<u>(4,176,079)</u>
Amounts shown under non-current liabilities	<u>297</u>	<u>350</u>

The Group's bank borrowings are denominated in HK\$ and RMB, and carry interest at fixed and variable rates. The fixed rates range from 1.35% to 3.50% (for the year ended 31 March 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 5.36% to 5.71% (for the year ended 31 March 2023: 4.04% to 4.71%), and best lending rate quoted by the Hongkong and Shanghai Banking Corporation Limited plus 1%; or (ii) Euro Interbank Offered Rate plus a spread, ranging from 2.80% to 6.01% (for the year ended 31 March 2023: 2.35% to 5.37%). The weighted average effective interest rates of the above variable-rate and fixed-rate bank borrowings were 5.60% and 2.61%, respectively (for the year ended 31 March 2023: 4.40% and 2.74%, respectively) per annum.

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

	30 September 2023 HK\$'000 (Audited)	31 March 2023 HK\$'000 (Audited)
Property, plant and equipment	<u>1,839</u>	<u>871</u>

10 CAPITAL COMMITMENTS

	30 September 2023 HK\$'000 (Audited)	31 March 2023 HK\$'000 (Audited)
Capital expenditure contracted but not provided for in respect of		
– acquisition and construction of property, plant and equipment	369,141	409,563
– construction of production plants	448,839	558,073
	<u>817,980</u>	<u>967,636</u>
Other commitments in respect of		
– construction of property under development	2,034	2,182
	<u>2,034</u>	<u>2,182</u>
	<u>820,014</u>	<u>969,818</u>

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In the 31 years since its establishment, the Group has experienced multiple global and local economic cycles, as well as international macro events such as the financial crisis, the US-China trade war, COVID-19, and the 9/11 attacks. These external challenges have forged the Group's strong risk resilience. Amidst a changing external environment, we are confident that we can maintain sustained and stable growth. History has taught us to face the fluctuation risks and opportunities brought about by each change with a composed and positive attitude. Facing change, we strive to seize opportunities to foster our strength, follow the trend to expand our market reach, improve our product development capabilities and differentiated competitiveness, diversify our product lines, and consolidate our brand influence, thereby driving sustainable growth with the core growth value of the Company.

China Market

The macro environment of the domestic sales market has seen many changes, but the generally positive fundamentals of the Chinese economy remained unchanged. Favorable conditions for stabilizing the macro economy and achieving expected development targets abound. In recent years, with its intelligent and convenient user experience, functional furniture has become increasingly popular among consumers. Currently, the recliner market in the PRC is still in a period of low penetration and high growth potential.

Overseas Market

Europe and America markets, particularly the latter, remain the main consumption markets for recliners and occupy a prominent position in the global recliners market. However, the America market mainly relies on import. The Group will continue to expand its market share in Europe and America markets by leveraging its advantages in large-scale production capacity, quality and cost.

BUSINESS REVIEW

During the Review Period, our business in China posted double-digit revenue growth (in RMB terms) despite consumption downgrade and insufficient economic resilience. The overseas market recovered to a certain extent in the second quarter of the financial year, but the overall revenue was still affected by the overseas recovery process during the reporting period. The revenue of the Company amounted to approximately HK\$8,937,569,000, representing a decrease of approximately 3.8% year-on-year. The profit attributable to owners of the Company was approximately HK\$1,136,042,000, representing an increase of approximately 4.0% year-on-year. The branded sales business in China accounted for over 67% of the Group's revenue during the Review Period, and the Company's net profit increased by approximately 9.8% in RMB terms.

1 China market

China's economic recovery after the pandemic has been less resilient than expected, with a notable trend of consumption downgrade. In a market environment with sluggish real estate sales and relatively weak demand, we achieved a revenue of approximately HK\$6,069,863,000 in the China market. The revenue from principal business in the China market was approximately HK\$6,005,321,000 (excluding revenue from real estate, shopping mall property and other business), representing an increase of approximately 5.1% from approximately HK\$5,713,297,000 for the corresponding period of last year, and an increase of approximately 11.0% in RMB terms. Sofa sales increased by approximately 27.6% from approximately 419,000 sets to approximately 535,000 sets.

In the booming livestreaming economy in China, the Company has a strong first-mover advantage in online sales channels, so does the Group in both traditional e-commerce platforms such as Tmall and JD and livestreaming e-commerce platforms. We made vigorous efforts in both online and offline channels. Online, we strengthened the promotion of livestreaming sales models 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 this year, we focused on expanding stores in lower-tier markets and adding value-for-money series in first- and second-tier cities. As at 30 September 2023, the Group had a total of 6,888 brand specialty stores in China (excluding Style (格調) and Suning stores). During the Review Period, the Group achieved a net increase of 417 specialty store outlets, and maintained a single-digit closure rate at a healthy level of approximately 7.3%.

After the pandemic, the macro environment of the domestic sales market has seen some changes. As China's economy transitions from scale-based development to high-quality development, it will undergo a period of adjustment. However, we believe that the generally positive fundamentals of the economy remain unchanged. Moreover, in recent years, with its intelligent and convenient user experience, functional furniture has become increasingly popular among consumers. Currently, the recliner market in the PRC is still in a period of low penetration and high growth potential. As a leading enterprise of smart home, the Group is confident of achieving continued market share growth in the large-scale inventory market in the future.

2 Overseas market

During the Review Period, as demands in Europe and North America gradually recovered, the Group's revenue from the North America market amounted to approximately HK\$2,037,448,000, representing a decrease of approximately 20.5% from approximately HK\$2,564,090,000 in the last corresponding period. During the Reporting Period, the Company did not charge any sea freight surcharges to customers and the revenue in North American market decreased by approximately 5.4% excluding the impact of sea freight surcharges.

During the Review Period, the Group recorded a decrease in revenue in Europe and other overseas markets (excluding Home Group). During the Review Period, the revenue from principal business amounted to approximately HK\$532,044,000, representing a year-on-year decrease of approximately 20.6% from approximately HK\$670,087,000 for the corresponding period last year. Sales of sofa in Europe and other overseas markets amounted to approximately HK\$376,967,000 representing a decrease of approximately 8.8% from approximately HK\$413,415,000 in the last corresponding period.

During the Review Period, the revenue of Home Group increased by approximately 6.7% year-on-year. The Group's production facilities in Ukraine have not been materially disrupted during the Review Period but management continues to monitor the situation in Ukraine following the war between Russia and Ukraine.

The Group has a diverse global market presence both at home and abroad. When confronted with differences in economic growth between China and the United States, we have strong resilience to economic fluctuations and can benefit from moderately and highly developed economies around the world. Europe and America markets, particularly the latter, remain the main consumption markets for recliners and occupy a prominent position in the global recliners market. However, the America market mainly relies on import. After efforts to fight inflation for over a year, the North America market gradually reduced high inventory and market demands began to return to normal. The Group enhanced efforts to expand market channels by leveraging its advantages in large-scale production capacity, quality and cost. We achieved a recovery in order and sales growth earlier than expected during the reporting period, and aim to further expand our export market share in the future.

FINANCIAL REVIEW

Revenue and Profit

	Revenue (HK\$'000)			Average Gross Profit		Gross Profit	
	1HFY2024	1HFY2023	Change	1HFY2024	1HFY2023	1HFY2024	1HFY2023
Sofas and ancillary products business	6,176,703	6,707,868	-7.9%	67.5%	70.3%	40.0%	39.9%
Bedding and ancillary products business	1,491,422	1,389,690	7.3%	16.3%	14.6%	45.2%	43.1%
Other products	906,688	849,916	6.7%	9.9%	8.9%	23.2%	26.1%
Home Group business	298,214	279,461	6.7%	3.3%	2.9%	28.8%	22.5%
Other businesses	64,542	62,091	3.9%	0.7%	0.7%	83.1%	81.6%
Other income	213,994	244,323	-12.4%	2.3%	2.6%	-	-
Total	9,151,563	9,533,349	-4.0%	100.0%	100.0%	39.1%	38.8%

For the Review Period, total revenue (including the income from main business and other income) of the Group decreased by approximately 4.0% to approximately HK\$9,151,563,000 (for the six months ended 30 September 2022 (“1HFY2023”): approximately HK\$9,533,349,000). The overall gross profit margin was approximately 39.1% (approximately 38.8% for the corresponding period of last year).

During the Review Period, excluding Home Group business, the Group sold approximately 882,000 sets of sofas products (1HFY2023: approximately 754,000 sets), representing an increase of approximately 17.0% (one set equals to six seats, in calculating sofas sets, excluding chairs and other products which were sold to commercial clients), among which sets of sofas products for sales in China increased by approximately 27.6% and sets of sofas products for sales of export increased by approximately 3.7%.

1 Sofas and Ancillary Products Business

During the Review Period, revenue from the sofas and ancillary products business was approximately HK\$6,176,703,000, representing a decrease of approximately 7.9% as compared with approximately HK\$6,707,868,000 recorded in the last corresponding period.

2 Bedding and Ancillary Products Business

During the Review Period, revenue from bedding and ancillary products business was approximately HK\$1,491,422,000, representing an increase of approximately 7.3% as compared to approximately HK\$1,389,690,000 in the last corresponding period.

3 Sales of Other Products

During the Review Period, the Group’s revenue from other products reached approximately HK\$906,688,000, representing an increase of approximately 6.7% as compared with approximately HK\$849,916,000 in the last corresponding period.

4 Home Group Business

During the Review Period, the Group’s revenue from Home Group was approximately HK\$298,214,000, which is up by approximately 6.7% compared with approximately HK\$279,461,000 in the last corresponding period.

5 Other Revenue

During the Review Period, the Group's revenue from real estate, hotel and furniture mall business was approximately HK\$64,542,000, which is up by approximately 3.9% compared with approximately HK\$62,091,000 in the last corresponding period.

6 Other Income

During the Review Period, the Group's other income (as detailed under the paragraph headed "Other Income" below) amounted to approximately HK\$213,994,000, representing a decrease of approximately 12.4% from approximately HK\$244,323,000 in the last corresponding period.

DIRECT COSTS

Direct Cost Breakdown

	1HFY2024 HK\$'000	1HFY2023 HK\$'000	Change
Cost of raw materials	4,177,167	4,475,787	-6.7%
Labour costs	949,353	882,502	7.6%
Manufacturing overhead	319,129	322,662	-1.1%
Total	<u>5,445,649</u>	<u>5,680,951</u>	<u>-4.1%</u>

Major material used cost of fabric	Average unit cost change
Leather	-14.4%
Metal frame	-15.7%
Wood	-22.4%
Fabric	-4.4%
Chemicals	-2.1%
Packaging paper	-6.3%

OTHER INCOME

During the 1HFY2024, the Group's other income decreased by approximately 12.4% from approximately HK\$244,323,000 in the corresponding period last year to approximately HK\$213,994,000. The decrease was mainly due to the decrease of government subsidies.

	1HFY2024 <i>HK\$'000</i>	1HFY2023 <i>HK\$'000</i>	Change
Income from sales of scrap*	21,191	15,641	35.5%
Government subsidies**	105,414	169,871	-37.9%
Interest income***	83,344	53,841	54.8%
Others	4,045	4,970	-18.6%
Total	<u>213,994</u>	<u>244,323</u>	<u>-12.4%</u>

Note:

- * Income from sales of scrap is revenue from the sales of leather scrap, cotton, wood and others generated in the normal production process of the Company's sofas and bedding products in 1HFY2024.
- ** Government subsidies mainly consist of financial subsidies from local governments to subsidiaries which are responsible for the sales of products and providing services in China market.
- *** Interest income originates from the use of unutilized funds by the Group to invest in time deposit of major commercial banks in mainland China.

OTHER LOSSES, NET

During the 1HFY2024, the net of other losses of the Group amounted to approximately HK\$142,290,000, compared with losses of approximately HK\$25,121,000 in the last corresponding period. The aforesaid losses in the Review Period were mainly attributable to the loss from changes in fair value of financial assets at FVPL.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses decreased by approximately 13.0% from approximately HK\$1,843,264,000 in the 1HFY2023 to approximately HK\$1,604,156,000 in the 1HFY2024. Selling and distribution expenses as a percentage of revenue decreased from approximately 19.8% in the 1HFY2023 to approximately 17.9% in the 1HFY2024, including:

- (a) Offshore transportation and port charges decreased by approximately 42.8% from approximately HK\$498,628,000 to approximately HK\$285,179,000. Offshore transportation and port charges as a percentage of revenue decreased from approximately 5.4% to approximately 3.2%; domestic transportation expenses decreased by approximately 2.3% from approximately HK\$228,195,000 to approximately HK\$222,955,000, representing approximately 2.5% of revenue, which was the same as 1HFY2023;

- (b) Advertising, promotion and brand building expenses increased by approximately 24.4% from approximately HK\$248,017,000 to approximately HK\$308,418,000. Advertising, promotion and brand building expenses as a percentage of revenue increased from approximately 2.7% in the 1HFY2023 to approximately 3.5% in the 1HFY2024;
- (c) Salaries and welfare of sales staff decreased by approximately 11.5% from approximately HK\$420,978,000 to approximately HK\$372,751,000. Salaries and welfare of sales staff as a percentage of revenue decreased from approximately 4.5% in the 1HFY2023 to approximately 4.2% in the 1HFY2024;
- (d) Tariffs on goods exported to the United States decreased by approximately 24.5% from approximately HK\$50,597,000 to approximately HK\$38,222,000. Tariffs on goods exported to the United States as a percentage of revenue decreased from approximately 0.5% in the 1HFY2023 to approximately 0.4% in the 1HFY2024.

ADMINISTRATIVE AND OTHER EXPENSES

Administrative and other expenses decreased by approximately 20.3% from approximately HK\$564,496,000 in the 1HFY2023 to approximately HK\$450,051,000 in the 1HFY2024, and their percentage to revenue decreased from approximately 6.1% in the 1HFY2023 to approximately 5.0% in the 1HFY2024.

SHARE OF RESULTS OF JOINT VENTURES

During the Review Period, share of profit of joint ventures was approximately HK\$3,144,000 (1HFY2023: approximately HK\$1,788,000).

FINANCE COSTS

Finance costs increased by approximately 60.9% from approximately HK\$61,068,000 in the 1HFY2023 to approximately HK\$98,266,000 in the 1HFY2024. Such costs were mainly interest expenses of loans. Such increase in finance costs was mainly due to the rise of interest rate during the Review Period.

INCOME TAX EXPENSE

Income tax expense decreased by approximately 21.3% from approximately HK\$292,061,000 in the 1HFY2023 to approximately HK\$229,716,000 in the 1HFY2024. Income tax as a percentage of profit before tax decreased from approximately 21.5% in the 1HFY2023 to approximately 16.2% in the 1HFY2024.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY AND NET PROFIT MARGIN

The profit attributable to owners of the Company increased by approximately 4.0% from approximately HK\$1,092,131,000 in the 1HFY2023 to approximately HK\$1,136,042,000 in the 1HFY2024. The net profit margin of the Group was approximately 12.7% during the Review Period (approximately 11.8% in the 1HFY2023).

WORKING CAPITAL

As at 30 September 2023, the Group's cash and bank balances (excluding restricted bank balances) were approximately HK\$4,306,973,000. During the Review Period, turnover of the Group's working capital was good and account receivable and inventory turnover days had been kept at a relatively low level. The Group seeks to effectively manage its cash flow and capital commitments to ensure that it has sufficient funds to meet its existing and future cash requirements. The Group has not experienced and does not expect any difficulties in fulfilling the cash requirement for its operation in the absence of any unforeseen circumstances.

LIQUIDITY AND CAPITAL RESOURCES

As at 30 September 2023, the Group's short-term bank borrowings amounted to approximately HK\$4,708,740,000 and long-term borrowings amounted to approximately HK\$297,000. The Group's bank borrowings are denominated in HK\$ and RMB, and carry interest at fixed and variable rates. The fixed rates range from 1.35% to 3.5% (for the year ended 31 March 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 5.36% to 5.71% (for the year ended 31 March 2023: 4.04% to 4.71%), and best lending rate quoted by the Hong Kong and Shanghai Banking Corporation Limited plus 1%; or (ii) Euro Interbank Offered Rate plus a spread, ranging from 2.80% to 6.01% (for the year ended 31 March 2023: 2.35% to 5.37%). The weighted average effective interest rates of the above variable-rate and fixed-rate bank borrowings were 5.60% and 2.61%, respectively (for the year ended 31 March 2023: 4.40% and 2.74%, respectively) per annum.

The Group's primary source of working capital is cash flow from operating activities and bank deposits. As at 30 September 2023, the Group's current ratio was approximately 1.2 (31 March 2023: approximately 1.2). As at 30 September 2023, the Group's gearing ratio was approximately 40.9% (31 March 2023: approximately 36.1%), which is the total borrowings divided by total equity attributable to owners of the Group.

PLEDGE OF ASSETS

As at 30 September 2023, the restricted bank balances of the Group amounted to approximately HK\$506,000. As at 30 September 2023, some subsidiaries of Home Group had pledged certain assets for financing, including property, plant and equipment with a carrying amount of approximately HK\$1,839,000 (31 March 2023: property, plant and equipment with a carrying amount of approximately HK\$871,000).

CAPITAL COMMITMENTS, CONTINGENT LIABILITIES AND PROVISIONS

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

As at 30 September 2023, the Group did not have any material contingent liabilities.

As at 30 September 2023, the Group had provision for legal claims and attorneys' fees of US\$18,943,000 (equivalent to HK\$148,267,000) 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.

In case where the actual future outcome differs from the estimation, further provision may be required.

FOREIGN CURRENCY RISKS

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

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any significant investments or material acquisitions or disposals of subsidiaries, associates or joint ventures during the 1HFY2024. The Group continues to seek opportunities to acquire furniture companies to accelerate the development of the Group.

HUMAN RESOURCES

As at 30 September 2023, the Group had 27,170 employees (31 March 2023: 25,832 employees).

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

During the 1HFY2024, the total staff cost for the Group amounted to approximately HK\$1,479,784,000 (1HFY2023: approximately HK\$1,459,841,000), of which approximately HK\$7,853,000 (1HFY2023: approximately HK\$7,355,000) was directors' emoluments. The Group endeavours to keep the remuneration packages of its employees competitive and reward employees on a performance and merit basis with reference to the profitability of the Group and prevailing market conditions. As part of the Group's remuneration system and policy, we have adopted a share option scheme to reward employees and incentivise them to perform better.

FUTURE PLANS

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.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK15.0 cents per share (six months ended 30 September 2022: an interim dividend of HK15.0 cents per share) payable to those shareholders of the Company (the “Shareholder”) whose names appear on the Company’s register of members on Friday, 1 December 2023.

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

In May 2023, the Company repurchased a total of 15,000,000 ordinary shares (“Share”, each a “Share”) of the Company at an aggregate purchase price of HK\$80,911,500 (before brokerage and expenses) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Details of the repurchase of such ordinary shares are as follows:

Month of purchase	Number of shares purchased	Price per share (HK\$)	Lowest price (HK\$)	Aggregate purchase price (HK\$)
May 2023	15,000,000	5.59	5.26	80,911,500

The 15,000,000 repurchased Shares were cancelled in June 2023. The issued share capital of the Company was accordingly reduced by the par value of the repurchased Shares so cancelled. The above repurchase was effected by the directors of the Company pursuant to the mandate approved by Shareholders, with a view to benefiting Shareholders as a whole in enhancing the return on net assets and earnings per Share of the Company.

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

AUDIT COMMITTEE

The Company has engaged Messrs. PricewaterhouseCoopers, the auditor of the Company (“Auditor”) to assist the Audit Committee to review the interim financial information of the Group for the six months ended 30 September 2023. The interim financial information of the Group for the six months ended 30 September 2023 has been reviewed by the Auditor in accordance with International Standard on Review Engagement 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. The interim financial information of the Group for the six months ended 30 September 2023 has also been reviewed by the Audit Committee.

EVENTS AFTER THE REPORTING PERIOD

The Group has no material events after the Review Period to be disclosed.

CLOSURE OF REGISTER OF MEMBERS

Shareholders whose names appear on the Company's register of members on Friday, 1 December 2023, will be eligible for the interim dividend. The transfer books and the register of members of the Company will be closed from Thursday, 30 November 2023 to Friday, 1 December 2023, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 29 November 2023. The interim dividend is expected to be payable on or before Thursday, 21 December 2023 to the Shareholders whose names appear on the register of members of the Company on Friday, 1 December 2023.

CHANGE IN DIRECTORS' INFORMATION

There is no other information required to be disclosed under Rule 13.51B(1) of the Listing Rules during the Review Period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30 September 2023, the Company has applied the principles of, and complied with, the applicable code provisions of the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), save for the deviation from Code Provision C.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 code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Currently, Mr. Wong Man Li is the chief executive officer of the Company. Mr. Wong Man Li, who also acts as the Chairman and Managing Director of the Company, has been responsible for overseeing the general operations of the Group. The Board meets regularly to consider major matters concerning the operations of the Group. The Board considers that this structure had not impaired the balance of power and authority between the Board and the management of the Company as all major decisions have been made in consultation with the Board and appropriate Board committees, as well as management. The roles of the respective executive directors and senior management who are in charge of different functions complement the role of the chairman and chief executive officer. In addition, there are four independent non-executive Directors on the Board offering their experience, expertise, independent advice and views from different perspectives. The Board is therefore of the view that there were adequate balance of power and safeguards in place. The Board believes that this structure had allowed the Group to operate efficiently. The Board will continue to review the current structure from time to time and shall make necessary changes when appropriate and inform the shareholders accordingly.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as a code of conduct of the Company for directors' securities transactions. Having made specific enquiry of all directors, the directors have confirmed that they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding directors' securities transactions throughout the six months ended 30 September 2023.

By order of the Board
Ma Wah Hong Limited
Wah Ma Li
C.

Hong Kong, 15 November 2023

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