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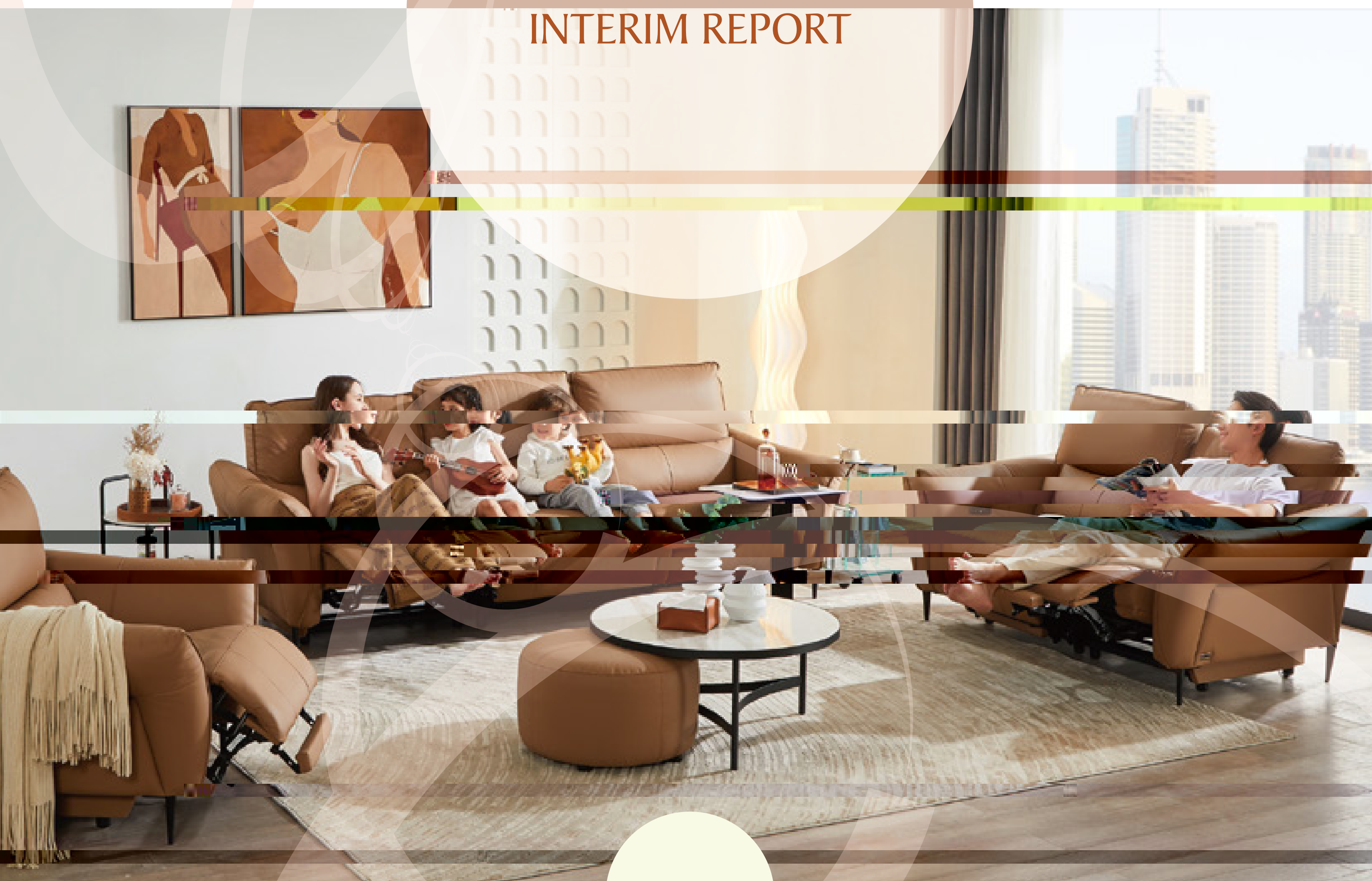
First Class Experience

# 2023/24 INTERIM REPORT



MAN WAH HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 01999)

## BOARD OF DIRECTORS

Mr. Wong Man Li ([illegible])
Ms. Hui Wai Hing
Mr. Alan Marnie
Mr. Dai Quanfa
Ms. Wong Ying Ying

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

## AUDIT COMMITTEE

Mr. Chau Shing Yim, David ([illegible])
Mr. Yang Siu Shun
Mr. Kan Chung Nin, Tony
Mr. Ding Yuan

## NOMINATION COMMITTEE

Mr. Wong Man Li ([illegible])
Mr. Chau Shing Yim, David
Mr. Kan Chung Nin, Tony
Mr. Ding Yuan

## REMUNERATION COMMITTEE

Mr. Ding Yuan ([illegible])
Mr. Wong Man Li
Mr. Chau Shing Yim, David
Mr. Kan Chung Nin, Tony

## COMPANY SECRETARY

Ms. Liu Xiaoting ([illegible])
Mr. Zhang Xian ([illegible])

## AUDITOR

PricewaterhouseCoopers

22/F Prince's Building
Central
Hong Kong

## BERMUDA SHARE REGISTRAR AND SHARE TRANSFER AGENT

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

## HONG KONG SHARE REGISTRAR

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

## REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

## LEGAL ADVISERS

Reed Smith Richards Butler LLP
Estera Management (Bermuda) Limited

## PRINCIPAL BANKERS

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

## STOCK CODE

1999

## WEBSITE

www.manwahholdings.com

## INVESTOR RELATIONS CONSULTANT

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

# DEAR SHAREHOLDERS,

On behalf of the board (the "Board") of directors (the "Directors") of Man Wah Holdings Limited ("Man Wah" or the "Company"), I hereby present the unaudited interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 September 2023 ("1HFY2024" or the "Review Period").

## BUSINESS REVIEW

During the Review Period, the macro environment of the domestic sales and export markets underwent oscillations and changes. China's economic recovery has been less resilient than expected after the three-year pandemic. Its GDP growth has fallen to the 5% range for the first time this year, and a notable consumption downgrade was observed in the market. In the U.S. market, after the implementation of a series of consecutive interest rate hikes to combat inflation, order demand has gradually recovered in the export market. In 1HFY2024, due to the gradual recovery of the export market, the Group recorded a total revenue of approximately HK$8,937,569,000, representing a decrease of approximately 3.8% year-on-year (an increase of approximately 1.6% year-on-year in RMB terms). 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 (an increase of approximately 9.8% year-on-year in RMB terms). Excluding the effects of losses on the disposal of property, plant and equipment, provision for credit loss for trade receivables, changes in the fair value of financial assets, and provisions for impairment of goodwill, the profit attributable to equity owners of the Company increased by approximately 9.7% (increased by approximately 15.8% year-on-year in RMB terms).

During the Review Period, we continued to maintain a dividend payout ratio of approximately 50% and declared an interim dividend of HK$0.15 per Share. We also repurchased and cancelled 15,000,000 ordinary Shares during the Review Period at an aggregate purchase price of HK$80,911,500 (before brokerage and expenses), continuing to reward Shareholders through dividend payment and share repurchases.

For the domestic sales market, we promptly adjusted our product and sales strategies and strengthened cost and expense management in response to the consumption downgrade trend and economic demand environment. During 1HFY2024, we recorded a revenue of approximately HK$6,005,321,000 from the principal business in the PRC, representing a year-on-year increase of approximately 5.1%, and a year-on-year increase of approximately 11% in RMB terms. The sofa sales increased by approximately 27.6% from approximately 419,000 sets to approximately 535,000 sets. Faced with changes in channels and traffic, for our online stores, we established presence on multiple platforms and launched live streaming, while refining our product categories to improve consumption conversion rates, achieving online sales growth of approximately 17.5%; offline, we vigorously empowered and incentivized distributors to improve their sales and operations capabilities. In addition, we adjusted our internal organizational structure by splitting the sales team for the Greater China region into the same-store growth team and the store opening team, and implemented a scientific approach to store opening for store series and same-store management enhancement. Our store count increased steadily, with a net addition of 417 stores in 1HFY2024, maintaining a single-digit store closure rate of approximately 7.3%.

For the export business, we have been devoting efforts into the R&D and upgrade of new products as well as the talent development of our sales team since early this year. As the destocking cycle in the U.S. market came to an end and consumer demands gradually recovered, we managed to regain positive growth earlier than expected during the Review Period. The North American market achieved monthly increase of over 30% in September 2023. In 1HFY2024, the North American market recorded revenue of approximately HK$2,037,448,000, representing a decrease of approximately 5.4% year-on-year excluding the effect of sea freight surcharges. Europe and other overseas markets (excluding Home Group) recorded revenue of approximately HK$532,044,000, representing a decrease of approximately 20.6% year-on-year (a decrease of approximately 8.8% year-on-year excluding revenue from other products, mainly steel frames).

## PROSPECTS

The overseas market maintains a good development momentum. Although the domestic real estate market is still in a fluctuating downward cycle, people are still longing for a better life under the general trend of high-quality development of the Chinese economy. China's soft furniture industry is a huge untapped market where top players take up only a low-single-digit market share. As consumption downgrade leads to commercial value regression, good products and high-quality brands and companies with differentiation barriers will have more appeal to consumers with higher competitiveness. Man Wah will remain committed to providing consumers with cost-effective products. Following the trend of intelligence and functionality in the household industry, we strive to attract consumers to purchase recliner sofas, and gradually increase the Company's penetration rate in the market, so as to gain more recognition for the CHEERS brand in the upholstered furniture industry.

## APPRECIATION

On behalf of the Board, I hereby express our sincere gratitude to all Shareholders, partners, consumers, and employees for their long-standing trust and support.

15 November 2023

## MARKET RE IE

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.

### C

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.

### O

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.

## B SINESS RE IE

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 C

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. ,/ ( )J0 n l-m

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 RE IE

## R

| | [illegible] | | | [illegible] | | [illegible] | |
|---|---|---|---|---|---|---|---|
| | [illegible] | 1HFY2023 | Change | [illegible] | 1HFY2023 | [illegible] | 1HFY2023 |
| Sofas and ancillary products business | [illegible] | 6,707,868 | -7.9% | [illegible] | 70.3% | [illegible] | 39.9% |
| Bedding and ancillary products business | [illegible] | 1,389,690 | 7.3% | [illegible] | 14.6% | [illegible] | 43.1% |
| Other products | [illegible] | 849,916 | 6.7% | [illegible] | 8.9% | [illegible] | 26.1% |
| Home Group business | [illegible] | 279,461 | 6.7% | [illegible] | 2.9% | [illegible] | 22.5% |
| Other businesses | [illegible] | 62,091 | 3.9% | [illegible] | 0.7% | [illegible] | 81.6% |
| Other income | [illegible] | 244,323 | -12.4% | [illegible] | 2.6% | | – |
| Total | [illegible] | 9,533,349 | -4.0% | [illegible] | 100.0% | [illegible] | 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 S A P B

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.

## M D A

### 2 B A P B

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 S O P

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 H G B

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 O B

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 O I

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

D [illegible]

| | [illegible] | 1HFY2023 | Change |
|---|---|---|---|
| | [illegible] | HK$'000 | |
| Cost of raw materials | [redacted] | 4,475,787 | -6.7% |
| Labour costs | [redacted] | 882,502 | 7.6% |
| Manufacturing overhead | [redacted] | 322,662 | -1.1% |
| Total | [redacted] | 5,680,951 | -4.1% |

[illegible]

| [illegible] | [illegible] |
|---|---|
| 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.

| | [illegible] | 1HFY2023 | Change |
|---|---|---|---|
| | [illegible] | HK$'000 | |
| Income from sales of scrap* | [redacted] | 15,641 | 35.5% |
| Government subsidies** | [redacted] | 169,871 | -37.9% |
| Interest income*** | [redacted] | 53,841 | 54.8% |
| Others | [redacted] | 4,970 | -18.6% |
| Total | [redacted] | 244,323 | -12.4% |

Notes:

* 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 FVTPL.

## SELLING AND DISTRIB TION E PENSES

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.

## ADMINISTRATI E AND OTHER E PENSES

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 RES LTS OF JOINT ENT RES

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 TA E PENSE

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 ATTRIB TABLE TO O NERS OF THE COMPAN 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).

## ORKING 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.

## LIQ IDIT AND CAPITAL RESO RCES

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 PRO ISIONS

Save as disclosed in Note 23 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 C RRENC 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 IN ESTMENTS AND MATERIAL ACQ ISITIONS 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.

## H MAN RESO RCES

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.

## F T RE 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

## INTERIM DI IDEND

The Board has resolved to declare an interim dividend of HK$15.0 cents per share (six months ended 30 September 2022: an interim dividend of HK$15.0 cents per share) payable to those shareholders of the Company (the "Shareholders") whose names appear on the Company's register of members on Friday, 1 December 2023.

## P RCHASE, SALE OR REDEMPTION OF THE COMPAN 'S LISTED SEC RITIES

In May 2023, the Company repurchased a total of 15,000,000 ordinary shares ("Shares", 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:

| | | | | |
|---|---|---|---|---|
| | | (HK$) | (HK$) | (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.

## DIRECTORS’ AND CHIEF E EC TI ES’ INTERESTS AND SHORT POSITIONS IN SHARES, NDERL ING SHARES AND DEBENT RES

As at 30 September 2023, the interests or short positions of the directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) as recorded in the register required to be kept under Section 352 of the SFO, or which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they are taken or deemed to have under such provisions of the SFO), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), were as follows:

### ( ) L [illegible] , [illegible] C [illegible]

| | | | |
|---|---|---|---|
| Mr. Wong Man Li | Interest in controlled corporation | 2,415,782,400[2] | 61.84% |
| | Spouse | 2,546,400[2] | 0.07% |
| | Beneficial owner | 3,090,000 | 0.08% |
| Ms. Hui Wai Hing | Beneficial owner | 2,546,400[3] | 0.07% |
| | Spouse | 2,418,872,400[3] | 61.92% |
| Mr. Alan Marnie | Beneficial owner | 800,000[4] | 0.02% |
| Mr. Dai Quanfa | Beneficial owner | 1,048,400[5] | 0.03% |
| Ms. Wong Ying Ying | Beneficial owner | 2,221,600[6] | 0.06% |
| Mr. Yang Siu Shun | Beneficial owner | 30,000[7] | 0.001% |
| | Spouse | 20,000[7] | 0.001% |

Notes:

1. The percentage of the Company’s issued share capital is based on the 3,906,702,800 Shares issued as at 30 September 2023.

2. These 2,415,782,400 Shares are beneficially owned by Man Wah Investments Limited which, in turn, is owned by Mr. Wong Man Li and Ms. Hui Wai Hing as to 80% and 20%, respectively. Mr. Wong is therefore deemed to be interested in the entire 2,415,782,400 Shares held by Man Wah Investments Limited. Mr. Wong is a director of Man Wah Investments Limited. Mr. Wong also holds 2,910,400 Shares and 179,600 share options granted to him under the share option schemes (“Share Option Schemes”) of the Company. Upon exercise of the share options, Mr. Wong will directly own an aggregate of 3,090,000 Shares. Mr. Wong is also deemed, under Part XV of the SFO, to be interested in the 2,546,400 Shares in which Ms. Hui Wai Hing, the spouse of Mr. Wong, has a long position.

3. These 2,546,400 Shares represent the 2,396,800 Shares and the 149,600 share options granted to Ms. Hui under the Share Option Schemes, respectively. Upon exercise of the said share options, Ms. Hui will own an aggregate of 2,546,400 Shares. Ms. Hui is also deemed, under Part XV of the SFO, to be interested in the 2,418,872,400 Shares in which Mr. Wong Man Li, the spouse of Ms. Hui, has a long position.

4. This figure represents the aggregate number of the 800,000 Shares held by Mr. Alan Marnie.

5. This figure represents the aggregate number of 890,800 Shares held by Mr. Dai and 157,600 underlying shares upon the exercise of share options granted to Mr. Dai under the Share Option Schemes.

6. This figure represents the aggregate number of 2,068,400 Shares held by Ms. Wong and 153,200 underlying shares upon the exercise of share options granted to Ms. Wong under the Share Option Schemes.

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

## ( ) L [illegible] ([illegible] SFO)

| | | | | |
|---|---|---|---|---|
| Mr. Wong Man Li | Man Wah Investments Limited | Beneficial owner | 800 | 80% |
| Ms. Hui Wai Hing | Man Wah Investments Limited | Beneficial owner | 200 | 20% |

Save as disclosed above, as at 30 September 2023, none of the Company's Directors, chief executives or their respective associates had any other personal, family, corporate and other interests or short positions in the shares,

# INTERESTS AND SHORT POSITIONS OF S BSTANTIAL SHAREHOLDERS DISCLOSEABLE NDER THE SFO

As at 30 September 2023, the following companies and persons (other than directors or chief executives of the Company) had interests or short positions in the shares of the Company as recorded in the register kept by the Company under Section 336 of the SFO, or fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

| | | | |
|---|---|---|---|
| Man Wah Investments Limited[2] | Beneficial owner | 2,415,782,400 | 61.84% |

Notes:

1. The percentage of the Company's issued share capital is based on the 3,906,702,800 Shares issued as at 30 September 2023.

2. Please refer to Notes (2) and (3) under the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above.

Save as disclosed above, as at 30 September 2023, the Company has not been notified of any other person (other than the Directors and chief executives of the Company) who had an interest or short position in the shares and/or underlying shares of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

## SHARE OPTIONS

Details of movements in the share options under the share option scheme of the Company adopted on 5 March 2010 ("2010 Share Option Scheme") and the share option scheme adopted on 3 July 2020 ("2020 Share Option Scheme", collectively, the "Share Option Schemes") during the Review Period were as follows:

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Mr. Wong Man Li | | | | | | | | | | |
| (Director) | 12.2.2018 | 12.2.2018–11.2.2022 | 12.2.2022–11.2.2024 | 7.18 | 40,400 | – | – | – | – | 40,400 |
| | 28.1.2019 | 28.1.2019–27.1.2022 | 28.1.2022–27.1.2024 | 3.91 | 60,400 | – | – | – | (60,400) | – |
| | | 28.1.2019–27.1.2023 | 28.1.2023–27.1.2025 | 3.91 | 60,400 | – | – | – | (60,400) | – |
| | 17.1.2020 | 17.1.2020–16.1.2022 | 17.1.2022–16.1.2024 | 6.53 | 23,600 | – | – | – | – | 23,600 |
| | | 17.1.2020–16.1.2023 | 17.1.2023–16.1.2025 | 6.53 | 23,600 | – | – | – | – | 23,600 |
| | | 17.1.2020–16.1.2024 | 17.1.2024–16.1.2026 | 6.53 | 22,800 | – | – | – | – | 22,800 |
| | 3.2.2021 | 3.2.2021–2.2.2023 | 3.2.2023–2.2.2025 | 19.78 | 10,400 | – | – | – | – | 10,400 |
| | | 3.2.2021–2.2.2024 | 3.2.2024–2.2.2026 | 19.78 | 10,400 | – | – | – | – | 10,400 |
| | | 3.2.2021–2.2.2025 | 3.2.2025–2.2.2027 | 19.78 | 10,400 | – | – | – | – | 10,400 |
| | 16.2.2022 | 16.2.2022–15.2.2024 | 16.2.2024–15.2.2026 | 11.1 | 12,800 | – | – | – | – | 12,800 |
| | | 16.2.2022–15.2.2025 | 16.2.2025–15.2.2027 | 11.1 | 12,800 | – | – | – | – | 12,800 |
| | | 16.2.2022–15.2.2026 | 16.2.2026–15.2.2028 | 11.1 | 12,400 | – | – | – | – | 12,400 |
| Ms. Hui Wai Hing | | | | | | | | | | |
| (Director) | 12.2.2018 | 12.2.2018–11.2.2022 | 12.2.2022–11.2.2024 | 7.18 | 30,400 | – | – | – | – | 30,400 |
| | 17.1.2020 | 17.1.2020–16.1.2022 | 17.1.2022–16.1.2024 | 6.53 | 18,400 | – | – | – | – | 18,400 |
| | | 17.1.2020–16.1.2023 | 17.1.2023–16.1.2025 | 6.53 | 18,400 | – | – | – | – | 18,400 |
| | | 17.1.2020–16.1.2024 | 17.1.2024–16.1.2026 | 6.53 | 17,600 | – | – | – | – | 17,600 |
| | 3.2.2021 | 3.2.2021–2.2.2023 | 3.2.2023–2.2.2025 | 19.78 | 12,000 | – | – | – | – | 12,000 |
| | | 3.2.2021–2.2.2024 | 3.2.2024–2.2.2026 | 19.78 | 12,000 | – | – | – | – | 12,000 |
| | | 3.2.2021–2.2.2025 | 3.2.2025–2.2.2027 | 19.78 | 12,000 | – | – | – | – | 12,000 |
| | 16.2.2022 | 16.2.2022–15.2.2024 | 16.2.2024–15.2.2026 | 11.1 | 9,600 | – | – | – | – | 9,600 |
| | | 16.2.2022–15.2.2025 | 16.2.2025–15.2.2027 | 11.1 | 9,600 | – | – | – | – | 9,600 |
| | | 16.2.2022–15.2.2026 | 16.2.2026–15.2.2028 | 11.1 | 9,600 | – | – | – | – | 9,600 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Mr. Dai Quanfa | | | | | | | | | | |
| (Director) | 17.1.2020 | 17.1.2020–16.1.2024 | 17.1.2024–16.1.2026 | 6.53 | 39,200 | – | – | – | – | 39,200 |
| | 3.2.2021 | 3.2.2021–2.2.2023 | 3.2.2023–2.2.2025 | 19.78 | 17,200 | – | – | – | – | 17,200 |
| | | 3.2.2021–2.2.2024 | 3.2.2024–2.2.2026 | 19.78 | 17,200 | – | – | – | – | 17,200 |
| | | 3.2.2021–2.2.2025 | 3.2.2025–2.2.2027 | 19.78 | 16,400 | – | – | – | – | 16,400 |
| | 16.2.2022 | 16.2.2022–15.2.2024 | 16.2.2024–15.2.2026 | 11.1 | 22,800 | – | – | – | – | 22,800 |
| | | 16.2.2022–15.2.2025 | 16.2.2025–15.2.2027 | 11.1 | 22,800 | – | – | – | – | 22,800 |
| | | 16.2.2022–15.2.2026 | 16.2.2026–15.2.2028 | 11.1 | 22,000 | – | – | – | – | 22,000 |
| Ms. Wong Ying Ying | | | | | | | | | | |
| (Director) | 12.2.2018 | 12.2.2018–11.2.2022 | 12.2.2022–11.2.2024 | 7.18 | 24,000 | – | – | – | – | 24,000 |
| | 28.1.2019 | 28.1.2019–27.1.2022 | 28.1.2022–27.1.2024 | 3.91 | 22,800 | – | – | – | – | 22,800 |
| | | 28.1.2019–27.1.2023 | 28.1.2023–27.1.2025 | 3.91 | 22,400 | – | – | – | – | 22,400 |
| | 17.1.2020 | 17.1.2020–16.1.2022 | 17.1.2022–16.1.2024 | 6.53 | 12,800 | – | – | – | – | 12,800 |
| | | 17.1.2020–16.1.2023 | 17.1.2023–16.1.2025 | 6.53 | 12,800 | – | – | – | – | 12,800 |
| | | 17.1.2020–16.1.2024 | 17.1.2024–16.1.2026 | 6.53 | 12,800 | – | – | – | – | 12,800 |
| | 3.2.2021 | 3.2.2021–2.2.2023 | 3.2.2023–2.2.2025 | 19.78 | 2,000 | – | – | – | – | 2,000 |
| | | 3.2.2021–2.2.2024 | 3.2.2024–2.2.2026 | 19.78 | 2,000 | – | – | – | – | 2,000 |
| | | 3.2.2021–2.2.2025 | 3.2.2025–2.2.2027 | 19.78 | 1,200 | – | – | – | – | 1,200 |
| | 16.2.2022 | 16.2.2022–15.2.2024 | 16.2.2024–15.2.2026 | 11.1 | 13,600 | – | – | – | – | 13,600 |
| | | 16.2.2022–15.2.2025 | 16.2.2025–15.2.2027 | 11.1 | 13,600 | – | – | – | – | 13,600 |
| | | 16.2.2022–15.2.2026 | 16.2.2026–15.2.2028 | 11.1 | 13,200 | – | – | – | – | 13,200 |
| Other employees | 12.2.2018 | 12.2.2018–11.2.2022 | 12.2.2022–11.2.2024 | 7.18 | 428,000 | – | (400) | – | (23,200) | 404,400 |
| (not Directors) | 28.1.2019 | 28.1.2019–27.1.2022 | 28.1.2022–27.1.2024 | 3.91 | 604,800 | – | (3,200) | – | (58,400) | 543,200– |

Notes:

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

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

3. The weighted average closing price immediately before the dates on which the options were exercised was HK$6.58.

4. The 2010 Share Option Scheme has expired on 4 March 2020. The 2020 Share Option Scheme was adopted by the Company on 3 July 2020. The total number of options available for grant under the scheme mandate of the 2020 Share Option Scheme as at 1 April 2023 and 30 September 2023 were 369,847,720 and 370,716,920, respectively.

5. The Company currently does not have any share award scheme.

## A DIT 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.

## E ENTS AFTER THE REPORTING PERIOD

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

## CLOS RE 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 Tuesday, 2 January 2024 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 ITH THE CORPORATE GO ERNANCE 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 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 pwc

To the Board of Direct

For the six months ended 30 September 2023

| | Note | | 2022 |
|---|---|---|---|
| | | [illegible] | HK$'000 |
| | | [illegible] | (Unaudited) |
| Revenue and other income | | [illegible] | 9,533,349 |
| Revenue | 6 | | |

## [illegible]

For the six months ended 30 September 2023

| | Note | [illegible] | 2022 HK$'000 (Unaudited) |
|---|---|---|---|
| [illegible] | | | |
| Owners of the Company | | [illegible] | 1,092,131 |
| Non-controlling interests | | [illegible] | (23,955) |
| | | [illegible] | 1,068,176 |
| [illegible] | | | |
| Owners of the Company | | [illegible] | (135,750) |
| Non-controlling interests | | [illegible] | (118,460) |
| | | [illegible] | (254,210) |
| [illegible] | | | |
| – Basic (HK cents per share) | 12 | [illegible] | 27.80 |
| – Diluted (HK cents per share) | 12 | [illegible] | 27.78 |

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

[illegible]

As at 30 September 2023

| | Note | [illegible] $' ([illegible]) | 31 March 2023 HK$'000 (Audited) |
|---|---|---|---|
| [illegible] | | | |
| [illegible] | | | |
| Property, plant and equipment | 14 | [illegible] | 6,743,332 |
| Investment properties | | [illegible] | 464,734 |
| Right-of-use assets | | [illegible] | 2,657,316 |
| Goodwill | 15 | [illegible] | 816,174 |
| Other intangible assets | 15 | [illegible] | 215,914 |
| Interests in joint ventures | | [illegible] | 72,912 |
| Financial assets at fair value through profit or loss | | [illegible] | 1,826 |
| Deferred tax assets | | [illegible] | 29,174 |
| Deposits paid for right-of-use assets | | [illegible] | 3,860 |
| Prepayments and deposits paid for acquisition of property, plant and equipment | | [illegible] | 220,612 |
| [illegible] | | [illegible] | 11,225,854 |
| [illegible] | | | |
| Inventories | | [illegible] | 1,449,689 |
| Properties held for sale | | [illegible] | 151,716 |
| Properties under development | | [illegible] | 167,681 |
| Trade receivables and bills receivable | 16 | [illegible] | 1,598,310 |
| Other receivables and prepayments | 16 | [illegible] | 943,908 |
| Financial assets at fair value through profit or loss | | [illegible] | 343,608 |
| Tax recoverable | | [illegible] | 14,094 |
| Restricted bank balances | 17 | [illegible] | 7,394 |
| Cash and bank balances | 17 | [illegible] | 3,738,234 |
| [illegible] | | [illegible] | 8,414,634 |
| [illegible] | | [illegible] | 19,640,488 |
| [illegible] | | | |
| [illegible] | | | |
| Share capital | 21 | [illegible] | 1,568,380 |
| Reserves | | [illegible] | 9,988,397 |
| | | [illegible] | 11,556,777 |
| [illegible] | | [illegible] | 970,993 |
| [illegible] | | [illegible] | 12,527,770 |

As at 30 September 2023

| | Note | [illegible] | 31 March 2023 HK$'000 (Audited) |
|---|---|---|---|
| [illegible] | | | |
| [illegible] | | | |
| Lease liabilities | | [illegible] | 143,752 |
| Bank borrowings, non-current portion | 20 | [illegible] | 350 |
| Deferred tax liabilities | | [illegible] | 151,843 |
| Other non-current liabilities | | [illegible] | 30,753 |
| [illegible] | | [illegible] | 326,698 |
| [illegible] | | | |
| Trade payables and bills payable | 18 | [illegible] | 950,941 |
| Other payables and accruals | 18 | [illegible] | 974,682 |
| Lease liabilities | | [illegible] | 79,243 |
| Contract liabilities | 19 | [illegible] | 363,867 |
| Bank borrowings, current portion | 20 | [illegible] | 4,176,079 |
| Tax payable | | [illegible] | 241,208 |
| [illegible] | | [illegible] | 6,786,020 |
| [illegible] | | [illegible] | 7,112,718 |
| [illegible] | | [illegible] | 19,640,488 |

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

For the six months ended 30 September 2023

| | Attributable to owners of the Company | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital HK$'000 | Share premium HK$'000 | Special reserve HK$'000 (Note (i)) | Other reserve HK$'000 (Note (ii)) | Statutory reserve HK$'000 (Note (iii)) | Translation reserve HK$'000 | Revaluation surplus HK$'000 | Shares held under share award scheme HK$'000 | Share option reserve HK$'000 | Retained earnings HK$'000 | Sub-total HK$'000 | Non-controlling interests HK$'000 | Total HK$'000 |
| [illegible] | 1,571,225 | 2,018,306 | (16,132) | (113,194) | 801,304 | (6,509) | 37,099 | (448) | 28,368 | 7,389,684 | 11,709,703 | 1,038,470 | 12,748,173 |
| [illegible] | | | | | | | | | | | | | |
| Profit/(loss) for the period | – | – | – | – | – | – | – | – | – | 1,092,131 | 1,092,131 | (23,955) | 1,068,176 |
| [illegible] | | | | | | | | | | | | | |
| Currency translation differences | – | – | – | – | – | (1,227,881) | – | – | – | – | (1,227,881) | (94,505) | (1,322,386) |
| [illegible] | – | – | – | – | – | (1,227,881) | – | – | – | 1,092,131 | (135,750) | (118,460) | (254,210) |
| [illegible] | | | | | | | | | | | | | |
| Acquisition of a subsidiary | – | – | – | – | – | – | – | – | – | – | – | 39,123 | 39,123 |
| Capital contribution by non-controlling equity holders | – | – | – | – | – | – | – | – | – | – | – | 155 | 155 |
| Recognition of equity-settled share-based payments | – | – | – | – | – | – | – | – | 10,732 | – | 10,732 | – | 10,732 |
| Issue of shares upon exercise of share options | 532 | 7,497 | – | – | – | – | – | – | (1,666) | – | 6,363 | – | 6,363 |
| Dividends paid to equity holders of the Company (Note 13) | – | – | – | – | – | – | – | – | – | (667,877) | (667,877) | – | (667,877) |
| Dividends paid to non-controlling equity holders of subsidiaries | – | – | – | – | – | – | – | – | – | – | – | (14,737) | (14,737) |
| [illegible] | 532 | 7,497 | – | – | – | – | – | – | 9,066 | (667,877) | (650,782) | 24,541 | (626,241) |
| [illegible] | 1,571,757 | 2,025,803 | (16,132) | (113,194) | 801,304 | (1,234,390) | 37,099 | (448) | 37,434 | 7,813,938 | 10,923,171 | 944,551 | 11,867,722 |

Notes:

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

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

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

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

[illegible]

For the six months ended 30 September 2023

| | Note | [illegible] $' [illegible] ([illegible]) | 2022 HK$'000 (Unaudited) |
|---|---|---|---|
| [illegible] | | | |
| Cash generated from operations | | [illegible] | 2,526,660 |
| Interest paid | | [illegible] | (42,582) |
| Interest received | | [illegible] | 22,049 |
| Income tax paid, net | | [illegible] | (233,700) |
| [illegible] | | [illegible] | 2,272,427 |
| [illegible] | | | |
| Investment in structured deposits | | | (447,650) |
| Payment for acquisition of property, plant and equipment | | [illegible] | (1,047,927) |
| Withdrawal of restricted bank balances | | [illegible] | 3,736 |
| Placement of restricted bank balances | | | (481) |
| Purchase of other intangible assets | | [illegible] | (11,964) |
| Purchase of leasehold land | | [illegible] | – |
| Proceeds from disposal of structured deposits | | [illegible] | 443,823 |
| Proceeds from disposal of property, plant and equipment | | [illegible] | 63,484 |
| Payment for acquisition of subsidiary, net of cash acquired | | | (78,275) |
| Placement of short term bank deposits | | [illegible] | (1,210,772) |
| Withdrawal of short term bank deposits | | [illegible] | 5,855 |
| [illegible] | | [illegible] | (2,280,171) |
| [illegible] | | | |
| Dividends paid to equity holders of the company | 13 | [illegible] | (667,877) |
| Dividends paid to non-controlling equity holders of subsidiaries | | [illegible] | (14,737) |
| Proceeds on disposal of financial assets at fair value through profit or loss | | [illegible] | – |
| Repurchase of shares | | [illegible] | – |
| Repayment of borrowings | | [illegible] | (953,833) |
| New borrowings raised | | [illegible] | 847,249 |
| Proceeds from issue of shares upon exercise of share options | | [illegible] | 6,363 |
| Capital contribution from non-controlling equity holders of subsidiaries | | [illegible] | 155 |
| Principal elements of lease payments | | [illegible] | (54,405) |
| [illegible] /([illegible]) [illegible] | | [illegible] | (837,085) |
| [illegible] /([illegible]) [illegible] | | [illegible] | (844,829) |
| Cash and cash equivalents at beginning of the period | | [illegible] | 2,825,704 |
| Effect of foreign exchange rate changes | | [illegible] | (209,883) |
| [illegible] | | [illegible] | 1,770,992 |

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

## 1 GENERAL INFORMATION

Man Wah Holdings Limited (the "Company") and its subsidiaries (together the "Group") are principally engaged in the manufacturing and trading of sofas and ancillary products, bedding and ancillary products, metal frame and smart furniture spare parts and other products.

The Company is a limited liability company incorporated in Bermuda under the Companies Act 1981 of Bermuda (as amended) and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") (Stock Code: 01999). The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.

The Group is controlled by Man Wah Investments Limited which is owned by Mr. Wong Man Li and Ms. Hui Wai Hing, directors of the Group.

The condensed consolidated interim financial information of the Company is 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.

The condensed consolidated interim financial information has been approved for issue on 15 November 2023.

The condensed consolidated interim financial information has not been audited.

## 2 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").

## 3 ACCO NTING 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

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 |

## 3 ACCO NTING POLICIES

### ( ) A

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.

### ( ) A

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.

## 4 CRITICAL ACCO NTING ESTIMATES AND ASS MPTIONS

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 March 2023.

## 5 FINANCIAL RISK MANAGEMENT

### 5.1 F

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

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2023. There have been no significant changes in the risk management policies since 31 March 2023.

### 5.2 F

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

## 6 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 FVTPL, provision for impairment of goodwill and unallocated expenses.

## 6 SEGMENT INFORMATION [illegible]

[illegible]

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

[illegible]

| | [illegible] HK$'[illegible] | [illegible] HK$'[illegible] | [illegible] HK$'[illegible] | [illegible] HK$'[illegible] | [illegible] HK$'[illegible] | [illegible] HK$'[illegible] |
|---|---|---|---|---|---|---|
| [illegible] | | | | | | |
| External sales | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] | | | | | | |
| Segment results | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Other income | | | | | | [illegible] |
| Share of results of joint ventures | | | | | | [illegible] |
| Exchange gains, net | | | | | | [illegible] |
| Finance costs | | | | | | ([illegible]) |
| Loss from change in fair value of financial assets at FVTPL | | | | | | ([illegible]) |
| Provision for impairment of goodwill | | | | | | ([illegible]) |
| Unallocated expenses | | | | | | ([illegible]) |
| Profit before income tax | | | | | | [illegible] |

## 6 SEGMENT INFORMATION

For the six months ended 30 September 2022 (Unaudited)

| | 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 |
|---|---|---|---|---|---|---|
| External sales | 6,707,868 | 1,389,690 | 849,916 | 62,091 | 279,461 | 9,289,026 |
| Segment results | 1,099,599 | 323,717 | 27,482 | 8,511 | (21,066) | 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 FVTPL | | | | | | (15,801) |
| Finance costs | | | | | | (61,068) |
| Unallocated expenses | | | | | | (304,442) |
| Profit before income tax | | | | | | 1,360,237 |

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

| | [illegible] | 2022 HK$'000 (Unaudited) |
|---|---|---|
| PRC (including Hong Kong and Macau) | [illegible] | 5,775,388 |
| North America | [illegible] | 2,564,090 |
| Europe | [illegible] | 546,829 |
| Others (Note) | [illegible] | 402,719 |
| | [illegible] | 9,289,026 |

Note: 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).

## 6 SEGMENT INFORMATION [illegible]

[illegible]

[illegible]

| [illegible] | [illegible] $' | [illegible] $' | [illegible] $' | [illegible] $' | [illegible] $' | [illegible] $' |
|---|---|---|---|---|---|---|
| [illegible] | | | | | | |
| Manufacture and distribution of goods recognised at a point in time | | | | | | |
| Sofas and ancillary products | [illegible] | | | | [illegible] | [illegible] |
| Bedding and ancillary products | | [illegible] | | | | [illegible] |
| Customization and chair | | | [illegible] | | | [illegible] |
| Metal frame and smart furniture spare parts | | | [illegible] | | | [illegible] |
| Residential properties | | | | [illegible] | | [illegible] |
| | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Service income – recognised over time | | | | [illegible] | | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] | | | | | | |
| PRC (including Hong Kong and Macau) | [illegible] | [illegible] | [illegible] | [illegible] | | [illegible] |
| North America | [illegible] | | [illegible] | | | [illegible] |
| Europe | [illegible] | | [illegible] | | [illegible] | [illegible] |
| Others | [illegible] | | [illegible] | | | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## 6 SEGMENT INFORMATION

[illegible]

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 |
|---|---|---|---|---|---|---|
| [illegible] | | | | | | |
| 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 |
| | 6,707,868 | 1,389,690 | 849,916 | 14,269 | 279,461 | 9,241,204 |
| Service income – recognised over time | – | – | – | 47,822 | – | 47,822 |
| [illegible] | 6,707,868 | 1,389,690 | 849,916 | 62,091 | 279,461 | 9,289,026 |

# 7 OTHER INCOME

| | [illegible] | |
| --- | --- | --- |
| | [illegible] | 2022 |
| | [illegible] | HK$'000 |
| | [illegible] | (Unaudited) |
| Income from sales of scrap | [illegible] | 15,641 |
| Interest income | [illegible] | 53,841 |
| Government subsidies | [illegible] | 169,871 |
| Others | [illegible] | 4,970 |
| | [illegible] | 244,323 |

# 8 OTHER LOSSES, NET

| | [illegible] | |
| --- | --- | --- |
| | [illegible] | 2022 |
| | [illegible] | HK$'000 |
| | [illegible] | (Unaudited) |
| Exchange gains, net | [illegible] | 57,194 |
| Loss on disposal of property, plant and equipment | [illegible] | (56,320) |
| Provision for credit loss for trade receivables | [illegible] | (9,308) |
| Loss from changes in fair value of financial assets at FVTPL | [illegible] | (15,801) |
| Impairment provision for goodwill | [illegible] | – |
| Others | [illegible] | (886) |
| | [illegible] | (25,121) |

## 9 EXPENSES BY NATURE

The following items have been charged to the operating profit during the period:

| | [illegible] | 2022 |
|---|---|---|
| | $′[illegible] | HK$′000 |
| | ([illegible]) | (Unaudited) |
| Cost of inventories | [illegible] | 4,582,001 |
| Amortisation of intangible assets | [illegible] | 28,913 |
| Depreciation of property, plant and equipment | [illegible] | 255,527 |
| Depreciation of right-of-use assets | [illegible] | 57,123 |
| Employee benefit expenses (including directors' emoluments) | [illegible] | 1,459,841 |
| Provision for impairment of inventories | [illegible] | 12,585 |
| Provision for legal claim | [illegible] | 84,514 |
| Legal and professional fee | [illegible] | 39,028 |

## 10 FINANCE COSTS

| | [illegible] | 2022 |
|---|---|---|
| | $′[illegible] | HK$′000 |
| | ([illegible]) | (Unaudited) |
| Interest on bank borrowings | [illegible] | 55,119 |
| Interest on lease liabilities | [illegible] | 5,896 |
| Others | [illegible] | 53 |
| | [illegible] | 61,068 |

## 11 INCOME TAX EXPENSE

| | [illegible] | 2022 |
|---|---|---|
| | HK$'000 | HK$'000 |
| | (Unaudited) | (Unaudited) |
| Current income tax: | | |
| PRC Corporate Income Tax ("PRC CIT") | [illegible] | 215,966 |
| PRC Withholding Income Tax | [illegible] | 18,021 |
| PRC Land Appreciation Tax ("PRC LAT") | [illegible] | 791 |
| U.S. Federal and State Corporate Income Taxes ("U.S. CIT") | [illegible] | 1,052 |
| Macau Complementary Tax | [illegible] | 40,881 |
| Others | [illegible] | 2,493 |
| Deferred tax expense | [illegible] | 12,722 |
| (Over)/under-provision in prior years | [illegible] | 135 |
| | [illegible] | 292,061 |

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.

## 12 EARNINGS PER SHARE

Earnings per share is computed as follows:

| | | 2022 |
|---|---|---|
| | ( ) | (Unaudited) |

## 14 PROPERT , PLANT AND EQ IPMENT

| | HK$'000 |
|---|---|
| [illegible] | |
| Cost | 9,179,279 |
| Accumulated depreciation | (2,435,947) |
| Net book amount | 6,743,332 |
| [illegible] | |
| Opening net book amount | 6,743,332 |
| Exchange adjustments | (277,065) |
| Additions | 669,877 |
| Disposals | (44,429) |
| Depreciation | (233,579) |
| Closing net book amount | 6,858,136 |
| [illegible] | |
| Cost | 9,321,314 |
| Accumulated depreciation | (2,463,178) |
| Net book amount | 6,858,136 |

## 15 GOOD ILL AND OTHER INTANGIBLE ASSETS

| | | | |
|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 |
| | | | |
| Cost | 953,131 | 442,440 | 1,395,571 |
| Accumulated impairment | (136,957) | (125) | (137,082) |
| Accumulated amortisation | – | (226,401) | (226,401) |
| Net book amount | 816,174 | 215,914 | 1,032,088 |
| | | | |
| Opening net book amount | 816,174 | 215,914 | 1,032,088 |
| Exchange adjustments | (40,767) | (10,175) | (50,942) |
| Additions | – | 8,928 | 8,928 |
| Impairment | (12,217) | – | (12,217) |
| Amortisation | – | (23,588) | (23,588) |
| Closing net book amount | 763,190 | 191,079 | 954,269 |
| | | | |
| Cost | 912,953 | 430,815 | 1,343,768 |
| Accumulated impairment | (149,763) | (125) | (149,888) |
| Accumulated amortisation | – | (239,611) | (239,611) |
| Net book amount | 763,190 | 191,079 | 954,269 |
| | | | |
| Cost | 1,003,331 | 458,528 | 1,461,859 |
| Accumulated amortisation | – | (182,003) | (182,003) |
| Net book amount | 1,003,331 | 276,525 | 1,279,856 |
| | | | |
| Opening net book amount | 1,003,331 | 276,525 | 1,279,856 |
| Exchange adjustments | (88,625) | (28,609) | (117,234) |
| Acquisition of a subsidiary | 19,093 | – | 19,093 |
| Additions | – | 11,964 | 11,964 |
| Amortisation | – | (28,913) | (28,913) |
| Closing net book amount | 933,799 | 230,967 | 1,164,766 |
| | | | |
| Cost | 933,799 | 422,901 | 1,356,700 |
| Accumulated amortisation | – | (191,934) | (191,934) |
| Net book amount | 933,799 | 230,967 | 1,164,766 |

## 16 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

| | [illegible] | 31 March 2023 HK$'000 (Audited) |
|---|---|---|
| Trade receivables and bills receivable | [illegible] | 1,633,574 |
| Less: provision for credit loss for trade receivables and bills receivable | [illegible] | (35,264) |
| Trade receivables and bills receivable, net | [illegible] | 1,598,310 |
| [illegible] | | |
| Valued-added taxes recoverable | [illegible] | 214,504 |
| Deposits | [illegible] | 99,769 |
| Prepayments to suppliers | [illegible] | 290,500 |
| Loan receivables | [illegible] | 228,269 |
| Sundry receivables | [illegible] | 142,270 |
| Less: provision for impairment of other receivables | [illegible] | (31,404) |
| | [illegible] | 943,908 |

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:

| | [illegible] | 31 March 2023 HK$'000 (Audited) |
|---|---|---|
| 0 – 90 days | [illegible] | 1,535,390 |
| 91 – 180 days | [illegible] | 41,788 |
| Over 180 days | [illegible] | 21,132 |
| | [illegible] | 1,598,310 |

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

## 17 RESTRICTED BANK BALANCES AND CASH AND BANK BALANCES

| | [illegible] | 31 March 2023 HK$'000 (Audited) |
|---|---|---|
| Short-term bank deposits | [illegible] | 118,856 |
| Restricted bank balances | [illegible] | 7,394 |
| Cash and cash equivalents | [illegible] | 3,619,378 |
| | [illegible] | 3,745,628 |

## 18 TRADE AND OTHER PAYABLES AND ACCRUALS

| | [illegible] | 31 March 2023 HK$'000 (Audited) |
|---|---|---|
| [illegible] | [illegible] | 950,941 |
| [illegible] | | |
| Accruals | [illegible] | 546,996 |
| Payables for acquisition of property, plant and equipment | [illegible] | 29,161 |
| Provision for legal claim (Note) | [illegible] | 84,528 |
| Other payables | [illegible] | 313,997 |
| | [illegible] | 974,682 |

Note: 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.

## 18 TRADE AND OTHER PAYABLES AND ACCRUALS

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:

| | [illegible] | 31 March 2023 HK$'000 (Audited) |
|---|---|---|
| 0 – 90 days | [illegible] | 950,475 |
| 91 – 180 days | [illegible] | 152 |
| Over 180 days | [illegible] | 314 |
| | [illegible] | 950,941 |

## 19 CONTRACT LIABILITIES

| | [illegible] | 31 March 2023 HK$'000 (Audited) |
|---|---|---|
| Sales of sofas | [illegible] | 361,586 |
| Sales of properties under development | [illegible] | 2,281 |
| | [illegible] | 363,867 |

For sales of sofas, the contract liabilities recorded at the beginning of the year had been fully recognised as revenue during the period ended 30 September 2023. The management expects that the unsatisfied performance obligations will be recognised as revenue according to the contract period.

For sales of properties under development, revenue was fully recognised during the period ended 30 September 2023 from the contract liabilities recorded at the beginning of the year. The management expects that the unsatisfied performance obligations will be recognised as revenue according to the contract period.

## 20 BANK BORROWINGS

| | [illegible] | 31 March 2023 HK$'000 (Audited) |
|---|---|---|
| Secured (Note) | [illegible] | 888 |
| Unsecured | [illegible] | 4,175,541 |
| | [illegible] | 4,176,429 |

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

| | [illegible] | 31 March 2023 HK$'000 (Audited) |
|---|---|---|
| The carrying amounts of the above borrowings are repayable: | | |
| Within one year | [illegible] | 4,176,079 |
| Within a period of more than one year but not exceeding two years | [illegible] | 282 |
| Within a period of more than two years but not exceeding five years | [illegible] | 68 |
| | [illegible] | 4,176,429 |
| Less: Amounts due within one year shown under current liabilities | [illegible] | (4,176,079) |
| Amounts shown under non-current liabilities | [illegible] | 350 |

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.

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

| | [illegible] | 31 March 2023 HK$'000 (Audited) |
|---|---|---|
| Property, plant and equipment | [illegible] | 871 |

## 21 SHARE CAPITAL

| | [illegible] | [illegible] |
|---|---|---|
| | In thousands | HK$'000 |
| [illegible] | | |
| At 1 April 2022, 31 March 2023 and 30 September 2023 | | |
| – HK$0.40 each | 5,000,000 | 2,000,000 |
| [illegible] | | |
| At 1 April 2022 | 3,928,062 | 1,571,225 |
| Repurchase of shares (Note (i)) | (11,647) | (4,659) |
| Exercise of share options | 4,535 | 1,814 |
| At 31 March 2023 | 3,920,950 | 1,568,380 |
| At 1 April 2023 | 3,920,950 | 1,568,380 |
| Repurchase of shares (Note (ii)) | (15,000) | (6,000) |
| Exercise of share options | 753 | 301 |
| At 30 September 2023 | 3,906,703 | 1,562,681 |

Notes:

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

(ii) During the period ended 30 September 2023, 15,000,000 ordinary shares of the Company of HK$0.40 each were repurchased at a price ranging from HK$5.26 to HK$5.59 per share. All shares repurchased have been cancelled during the six months ended 30 September 2023.

## 22 SHARE OPTION SCHEMES

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

A resolution was passed on 3 July 2020 to approve the new share option scheme. The new share option scheme will remain in force for a period of 10 years commencing on 3 July 2020, being the date of adoption of the Share Option Scheme, to 2 July 2030. Details of the share option scheme were disclosed in the consolidated financial statements for the year ended 31 March 2023.

The table below discloses movement of the Company's share options held by the Group's employees and directors:

| | [illegible] | 2022<br>'000 |
|---|---|---|
| Outstanding as at 1 April | [illegible] | 23,848 |
| Cancelled/lapsed during the period | ([illegible]) | (649) |
| Exercised during the period | ([illegible]) | (1,331) |
| Outstanding as at 30 September | [illegible] | 21,868 |

During the six months ended 30 September 2023, HK$3,564,000 were received for the share options exercised (six months ended 30 September 2022: HK$6,363,000).

## 22 SHARE OPTION SCHEMES

Details of specific categories of options are as follows:

| | | | | | |
|---|---|---|---|---|---|
| February 2018 | 12.2.2018 | 499,200 | 12.2.2018–11.1.2022 | 12.2.2022–11.1.2024 | 7.18 |
| January 2019 | 28.1.2019 | 566,000 | 28.1.2019–27.1.2022 | 28.1.2022–27.1.2024 | 3.91 |
| | | 906,800 | 28.1.2019–27.1.2023 | 28.1.2023–27.1.2025 | 3.91 |
| January 2020 | 17.1.2020 | 754,800 | 17.1.2020–16.1.2022 | 17.1.2022–16.1.2024 | 6.53 |
| | | 1,007,200 | 17.1.2020–16.1.2023 | 17.1.2023–16.1.2025 | 6.53 |
| | | 1,314,800 | 17.1.2020–16.1.2024 | 17.1.2024–16.1.2026 | 6.53 |
| February 2021 | 3.2.2021 | 1,262,000 | 3.2.2021–2.2.2023 | 3.2.2023–2.2.2025 | 19.78 |
| | | 1,218,800 | 3.2.2021–2.2.2024 | 3.2.2024–2.2.2026 | 19.78 |
| | | 1,005,600 | 3.2.2021–2.2.2025 | 3.2.2025–2.2.2027 | 19.78 |
| February 2022 | 16.2.2022 | 2,055,200 | 16.2.2022–15.2.2024 | 16.2.2024–15.2.2026 | 11.10 |
| | | 2,010,400 | 16.2.2022–15.2.2025 | 16.2.2025–15.2.2027 | 11.10 |
| | | 1,643,600 | 16.2.2022–15.2.2026 | 16.2.2026–15.2.2028 | 11.10 |
| | | 14,244,400 | | | |

## 23 CAPITAL COMMITMENTS

| | [illegible] | 31 March 2023 HK$'000 (Audited) |
|---|---|---|
| Capital expenditure contracted but not provided for in respect of | | |
| – acquisition and construction of property, plant and equipment | [illegible] | 409,563 |
| – construction of production plants | [illegible] | 558,073 |
| | [illegible] | 967,636 |
| Other commitments in respect of | | |
| – construction of property under development | [illegible] | 2,182 |
| | [illegible] | 2,182 |
| | [illegible] | 969,818 |

## 24 RELATED PART[illegible] DISCLOS[illegible]RES

### (a) R[illegible]

During the current interim period, the Group entered into the following transactions with related parties:

| | [illegible] | 2022 HK$'000 (Unaudited) |
|---|---|---|
| Rental expense paid to related parties (Note) | [illegible] | 1,458 |

## 24 RELATED PART[illegible] DISCLOS[illegible]RES [illegible]

### ( ) R [illegible]

| | [illegible] | 31 March 2023 HK$'000 (Audited) |
|---|---|---|
| Amount due from fellow subsidiaries (Note) | [illegible] | 5,250 |

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

### ( ) C [illegible]

The emoluments of executive directors who are also identified as members of key management of the Group during the period were as follows:

| | [illegible] | 2022 HK$'000 (Unaudited) |
|---|---|---|
| Short-term employee benefits | [illegible] | 7,070 |
| Post-employment benefits | [illegible] | 25 |
| Equity-settled share-based payment expenses | [illegible] | 260 |
| | [illegible] | 7,355 |