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MANWAH

AN A D N D

敏華控股有限公司

(Incorporated in Bermuda with limited liability)

(: 01999)

[illegible] **31 [illegible] 2024**

[illegible]

The board (the "Board") of directors (the "Directors") of Man Wah Holdings Limited (the "Company") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (the "Group") for the financial year ended 31 March 2024 ("FY2024", the "Review Period" or the "Reporting Period") together with the comparative figures for the previous financial year ended 31 March 2023 ("FY2023" or "Last Corresponding Period").

		2024	2023
		HK$'000	*$*
Revenue and other income		**1 ,[illegible] , 33**	17,788,864
Revenue	3	**1 ,411,1[illegible]**	17,351,106
Cost of goods sold		**(11,1 3,1[illegible] 0)**	(10,672,839)
[illegible]		**[illegible],24 ,02[illegible]**	6,678,267
Other income		**3 [illegible],43**	437,758
Other losses, net		**(304,1)**	(241,416)
Selling and distribution expenses		**(3,314,34)**	(3,317,923)
Administrative and other expenses		**(,000)**	(1,046,952)
[illegible]	5	**3,0 0, 22**	2,509,734
Finance costs		**(200, 00)**	(164,857)
Share of results of joint ventures		**4,0 3**	9,995
[illegible]		**2, 4,4[illegible]**	2,354,872
Income tax expense	4	**(4 ,4[illegible] 3)**	(496,694)
[illegible]		**2,3 ,002**	1,858,178
[illegible]			
Currency translation differences		**(2,03)**	(793,431)
[illegible]			
Currency translation differences		**(3 ,434)**	(44,764)
[illegible]		**(21,4[illegible] 2)**	(838,195)
[illegible]		**1,[illegible] 4, 30**	1,019,983

		2024	2023
		HK$'000	*$*
[illegible]			
Owners of the Company		**2,302,3**	1,914,914
Non-controlling interests		**3, 3**	(56,736)
		2,3 ,002	1,858,178
[illegible]			
Owners of the Company		**1,[illegible] 20,32**	1,121,483
Non-controlling interests		**4,202**	(101,500)
		1,[illegible] 4, 30	1,019,983
[illegible]			
– Basic	6	**.0**	48.80
– Diluted	6	**.0**	48.77

		2024	2023
		HK$'000	*$*
[illegible]			
Property, plant and equipment		[illegible]	6,743,332
Investment properties		**442,044**	464,734
Right-of-use assets		**2,[illegible]**	2,657,316
Goodwill		[illegible]	816,174
Other intangible assets		[illegible]	215,914
Interests in joint ventures		**22,**	72,912
Financial assets at fair value through profit or loss		[illegible]	1,826
Deferred tax assets		**,132**	29,174
Deposit paid for a land lease		**310,**	3,860
Prepayments and deposits paid for acquisition of property, plant and equipment		**202,41[illegible]**	220,612
		11,[illegible]	11,225,854
[illegible]			
Inventories		[illegible]	1,449,689
Properties held for sale		[illegible]	151,716
Properties under development		**1 ,443**	167,681
Trade receivables and bills receivable	8	[illegible]	1,598,310
Other receivables and prepayments		**1,4**	943,908
Financial assets at fair value through profit or loss		**24 ,430**	343,608
Tax recoverable		**4,3 1**	14,094
Restricted bank balances		**3,[illegible]**	7,394
Cash and bank balances		[illegible]	3,738,234
		[illegible]	8,414,634
[illegible]		[illegible]	19,640,488

		2024	2023
		HK$'000	*$*
[illegible]			
Share capital		**1, 1,01**	1,568,380
Reserves		**10, 32,3 1**	9,988,397
		12,0 3,3	11,556,777
[illegible]		**2,2 3**	970,993
[illegible]		**13,0 ,**	12,527,770
[illegible]			
Lease liabilities		**1 ,**	143,752
Bank borrowings – non-current portion		**1,01**	350
Deferred tax liabilities		**143,2**	151,843
Other non-current liabilities		**1,2**	30,753
		304,21	326,698
[illegible]			
Trade payables and bills payable	9	**10,214**	950,941
Other payables and accruals		**1,0 0, 0**	974,682
Lease liabilities		**2, 20**	79,243
Contract liabilities		**2 4, 13**	363,867
Bank borrowings – current portion		**4,113,203**	4,176,079
Tax payable		**1 , 2**	241,208
		,42 , 3	6,786,020
[illegible]		**, 31, 1**	7,112,718
[illegible]		**1 , 0 , 20**	19,640,488

1. [illegible]

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

The Company acts as an investment holding company.

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

2. [illegible]

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

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

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements and the principal accounting policies applied in the preparation of these consolidated financial statements are included in the 2024 Annual Report.

(a) [illegible]

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

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

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

(ii) [illegible]

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

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

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

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

(3) Effective date to be determined

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

3. [illegible]

The Group's operating and reportable segments, based on information reported to the Company's executive directors, being the chief operating decision makers of the Group, in respect of the Group's performance regarding different products and different markets, are as follows:

Sofas and ancillary products	–	manufacture and distribution of sofas and ancillary products through wholesale and distributors other than those by Home Group Ltd and its subsidiaries ("Home Group")
Home Group business	–	manufacture and distribution of sofas and ancillary products by Home Group
Bedding and ancillary products	–	manufacture and distribution of bedding and ancillary products
Other products	–	manufacture and distribution of chairs and other products to commercial clients, smart furniture spare parts and metal mechanism for recliners, income from sales of scrap metal etc.
Other business	–	sales of residential properties, hotel operation and lease of furniture mall and other properties

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

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, exchange gains, net fair value losses on investment properties, losses from changes in fair value of financial assets at FVPL, finance costs, provision for impairment of goodwill, provision for impairment of intangible assets provision for impairment of property, plant and equipment and unallocated expenses.

( ) [illegible]

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

[illegible] 31 [illegible] 2024

	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
[illegible]						
External sales	**12, , 2**	**2, , 4**	**1, 1 , 02**	**2 0, 0**	**4,13**	**1 ,411,1**
[illegible]						
Segment results	**2,142,**	**,**	**22 ,342**	**1 ,401**	**3,3 2**	**3,230,**
Other income						**3 ,43**
Share of results of joint ventures						**4,0 3**
Exchange gains, net						**13,4**
Fair value losses on investment properties						**(2, 0)**
Losses from changes in fair value of financial assets at FVPL						**(21 , 4)**
Finance costs						**(200, 00)**
Provision for impairment of goodwill						**(12,2)**
Unallocated expenses						**(33 ,)**
Profit before income tax						**2, 4,4**

[illegible] 31 [illegible] 2023

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

(c) [illegible]

Amounts included in the measure of segment result:

	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
[illegible] 31 [illegible] 2024						
Loss/(gain) on disposal of property, plant and equipment	**1[illegible],1[illegible]2**	**2,21[illegible]**	**3,[illegible]4**		**([illegible])**	**23,041**
Depreciation and amortisation	**3[illegible],11[illegible]**	**[illegible],433**	**[illegible],130**	**1[illegible],03[illegible]**	**21,1[illegible]0**	**[illegible]2,[illegible]**
Provision for/(reversal of) impairment of trade receivables and bills receivable	**33,033**	**[illegible],[illegible]**	**(2,01[illegible])**		**([illegible]0)**	**3[illegible],[illegible]2**
(Reversal of)/provision for impairment of inventories	**([illegible],3[illegible])**	**(420)**			**2,241**	**([illegible],[illegible])**

Amounts included in the measure of segment result:

	Sofas and ancillary products	Bedding and ancillary products	Other products	Other business	Home Group business	Total
	$[illegible]	*$[illegible]*	*$[illegible]*	*$[illegible]*	*$[illegible]*	*$[illegible]*
[illegible] 31 [illegible] 2023						
Loss/(gain) on disposal of property, plant and equipment	59,119	321	280	(103)	(17)	59,600
Depreciation and amortisation	455,051	65,523	99,743	29,844	34,354	684,515
Provision for impairment of trade receivables and bills receivable	2,978	1,003	9,219	–	1,378	14,578
Provision for impairment of inventories	9,798	435	–	–	2,208	12,441

( ) [illegible]

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

	2024	2023
	HK$'000	*$* [illegible]
PRC (including Hong Kong and Macau)	**12,2[illegible],**	11,388,618
North America [illegible]	**4,2[illegible]4,30[illegible]**	4,188,848
Europe [illegible]	**1,32[illegible],**	1,149,321
Others [illegible]	**43,3**	624,319
	1[illegible],411,1[illegible]	17,351,106

[illegible]

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

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

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

	2024	2023
	HK$'000	*$* [illegible]
PRC (including Hong Kong and Macau)	**,334,[illegible]**	9,147,951
Europe	**3[illegible]0,40[illegible]**	350,795
Vietnam	**1,1[illegible]4, [illegible]4**	1,236,923
Mexico	**30,240**	458,147
Others	**3,032**	2,864
	11, [illegible]3,0[illegible]2	11,196,680

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

4.

	2024	2023
	HK$'000	*$*
Current income tax:		
PRC Corporate Income Tax ("PRC CIT")	**2 , 13**	393,657
PRC Withholding Income Tax	**10 ,**	35,089
PRC Land Appreciation Tax ("PRC LAT")		797
Macau Complementary Tax	**4 ,4**	27,035
U.S. Federal and State Corporate Income Taxes ("U.S. CIT")	**1,**	1,698
Others	**14,03**	24,919
Under-provision in prior years	**11,1 2**	12,302
	4 4,142	495,497
Deferred income tax charge	**14,331**	1,197
	4 ,4 3	496,694

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years, except for a PRC subsidiary of the Company, carrying out business in the western region of the PRC, which qualifies for the preferential tax rate of 15% (2023: 15%) and a new PRC subsidiary of the Company, carrying out business in Xinjiang in PRC, which is eligible for preferential tax rate of 0% for a period of 5 years.

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

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

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

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

	2024	2023
	HK$'000	*$*
Cost of inventories	**, 21,14**	8,502,750
Auditor's remuneration		
– audit services	**3,1 11**	3,800
– non-audit services	**30**	773
Amortisation of intangible assets	**4 , 42**	52,341
Depreciation of property, plant and equipment	**434,022**	525,088
Depreciation of right-of-use assets	**2,014**	107,086
Employee benefit expenses (including directors' emoluments)	**3,1 3,022**	2,934,144
Short-term lease payment	**22,**	31,792
Provision for impairment of trade receivables and bills receivable	**3 , 2**	14,578
Provision for impairment of other receivables	**30,21**	31,358
Provision for impairment of goodwill	**12,2**	133,753
Provision for impairment of intangible assets		125
Provision for impairment of property, plant and equipment		52,534
(Reversal of)/provision for impairment of inventories	**(,)**	12,441
Legal claim	**4,001**	84,410
Legal and professional fee	**, 1**	109,051

Earnings per share is computed as follows:

	2024	2023
Profit attributable to equity owners of the Company for the year *$*	**2,302,3**	1,914,914
Weighted average outstanding ordinary share, in thousands	**3, ,4**	3,924,077
Basic earnings per share for the year in HK cents	**.0**	48.80
Profit attributable to equity owners of the Company for the year *$*	**2,302,3**	1,914,914
Weighted average outstanding ordinary share, in thousands	**3, ,4**	3,924,077
Effect of dilutive potential ordinary shares on exercise of share options	**10**	2,003
Weighted average outstanding ordinary shares after assuming dilution, in thousands	**3, ,10**	3,926,080
Diluted earnings per share for the year in HK cents	**.0**	48.77

[illegible]

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

	2024	2023
	HK$'000	*$'000*
Final dividend for the year ended 31 March 2023 of HK$0.10 (2023: HK$0.17 final dividend for the year ended 31 March 2022) per share	**3[illegible]0,[illegible]**	667,877
Interim dividend for the period ended 30 September 2023 of HK$0.15 (2023: HK$0.15 interim dividend for the period ended 30 September 2022) per share	**[illegible],00[illegible]**	587,661
	[illegible],[illegible]	1,255,538

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

[illegible]

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

	2024	2023
	HK$'000	*$'000*
0–90 days	**1,[illegible]3,2[illegible]1**	1,535,390
91–180 days	**[illegible]3,[illegible]3**	41,788
Over 180 days	**1[illegible],[illegible]**	21,132
	1,[illegible]4[illegible],[illegible]2	1,598,310

[illegible]

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

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

	2024	2023
	HK$'000	*$'000*
0–90 days	**[illegible]0[illegible],1**	950,475
91–180 days	**[illegible]0**	152
Over 180 days	**3[illegible]1**	314
	[illegible]10,214	950,941

10. [illegible]

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

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

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

1

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

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

2 [illegible]

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

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

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

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

[illegible]

	[illegible]			[illegible]		[illegible]	
	2024	FY2023	[illegible]	**2024**	FY2023	**2024**	FY2023
Sofas and ancillary products	**12,[illegible],2**	12,298,602	2.9%	**[illegible].3%**	69.1%	**3[illegible].[illegible]%**	38.5%
Bedding and ancillary products	**2,[illegible],[illegible]4**	2,726,781	9.6%	**1[illegible].[illegible]%**	15.3%	**43.[illegible]%**	44.5%
Other products	**1,1[illegible],02**	1,417,246	28.4%	**[illegible]%**	8.0%	**2[illegible].3%**	22.9%
Home Group business	**[illegible]4,13**	612,574	10.0%	**3.[illegible]%**	3.4%	**2[illegible].2%**	23.5%
Other business	**2[illegible]0,[illegible]0**	295,903	(8.5)%	**1.4%**	1.7%	**3.[illegible]%**	88.3%
Revenue	**1[illegible],411,1[illegible]**	17,351,106	6.1%	**[illegible].[illegible]%**	97.5%	**3[illegible].4%**	38.5%
Other income	**3[illegible],43**	437,758	(11.5)%	**2.1%**	2.5%		–
Revenue and other income	**1[illegible],[illegible],33**	17,788,864	5.7%	**100.0%**	100.0%		

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

During the Review Period, excluding Home Group business, the Group sold approximately 1,902,000 sets of sofa products (FY2023: approximately 1,502,000 sets), representing an increase of approximately 26.6% (one set of sofa products equals to six seats, excluding chairs and other products which were sold to commercial clients).

1 Sofas and Ancillary Products

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

[illegible]

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

[illegible]

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

[illegible]

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

2 *Bedding and Ancillary Products*

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

3 *Sales of Other Products*

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

4 *Home Group business*

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

5 Other Business

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

6 Other Income

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

Breakdown of cost of goods sold

	2024	FY2023	
	HK$'000	*$*	
Cost of raw materials	**,4 ,11**	8,268,801	2.6%
Labour costs	**2,0 ,123**	1,779,759	15.5%
Manufacturing overhead	**20, 30**	624,279	(0.5)%
Total	**11,1 3,1 0**	10,672,839	4.6%

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

Leather	-10.1%
Steel products	-8.1%
Wood	-24.6%
Fabric	-6.0%
Chemicals	-2.8%
Packaging paper	-8.9%

[illegible]

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

[illegible]

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

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

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

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

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

[illegible]

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

[illegible]

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

[illegible]

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

[illegible]

The Board has proposed a final dividend of HK15 cents per share for FY2024. During FY2024, the Board declared and paid an interim dividend of HK15 cents per share. Total dividends declared for FY2024 accounted for approximately 50.7% of the profit attributable to owners of the Company.

[illegible]

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

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

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

[illegible]

As at 31 March 2024, the Group's short-term borrowings amounted to approximately HK$4,113,203,000 and long-term borrowings amounted to approximately HK$1,015,000. The Group's major bank borrowings are denominated in HK$, RMB and US$ and carry interest at fixed and variable rates. The fixed rates ranged from 0.64% to 3.50% (FY2023: 0.65% to 3.90%). The variable rates are subject to either (i) the higher of Hong Kong Interbank Offered Rate plus a spread, ranging from 5.60% to 5.94% (FY2023: 4.04% to 4.71%), or the best lending rate quoted by the Hongkong and Shanghai Banking Corporation Limited plus 1% or (ii) Euro Interbank Offered Rate plus a spread, ranging from 5.60% to 7.58% (FY2023: 2.35% to 5.37%). The weighted average effective interest rates of the above variable-rate and fixed-rate bank borrowings was 5.78% and 2.56% (FY2023: 4.40% and 2.74%), per annum.

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

[illegible]

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

[illegible]

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

[illegible]

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

[illegible]

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

[illegible]

Save as disclosed in note 10 to the consolidated financial statements, the Group did not have any material capital commitments as at 31 March 2024.

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

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

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

[illegible]

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

[illegible]

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

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

[illegible]

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

[illegible]

As at 31 March 2024, the Group had 29,837 employees (31 March 2023: 25,832 employees).

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

During FY2024, the total staff costs for the Group amounted to approximately HK$3,193,022,000 (FY2023: approximately HK$2,934,144,000), of which approximately HK$17,406,000 (FY2023: approximately HK$15,799,000) was Directors' emoluments. The Group endeavours to keep the remuneration packages of its employees competitive and reward employees based on their performance. As part of the Group remuneration system and policy, we have adopted a share option scheme which enables the Group to reward employees and incentivise them to perform better.

[illegible]

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

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

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

[illegible]

During FY2024, the Company repurchased a total of 44,842,800 ordinary shares of the Company at an aggregate purchase price of approximately HK$228,565,371 (before brokerage and expenses) on The Stock Exchange of Hong Kong Limited. Details of the repurchases of such ordinary shares were as follows:

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
		$	$	$
May 2023	15,000,000	5.59	5.26	80,911,500
December 2023	15,842,800	5.23	4.99	80,938,111
January 2024	14,000,000	4.97	4.50	66,715,760
Total	44,842,800			228,565,371

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

Save as disclosed herein, the directors are not aware of any significant event requiring disclosure that had taken place subsequent to 31 March 2024 and up to date of this announcement.

The Company has a policy of seeking to comply with established best practices in corporate governance. The Board believes that good corporate governance is crucial to improving the efficiency and performance of the Group and to safeguarding the interests of its shareholders (the "Shareholders"). Set out below are the principles of corporate governance as adopted by the Company during the Review Period.

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

During the Review Period, the Company has applied the principles of and complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") in force during the year (the "CG Code"), save for the deviation from Code Provision C.2.1 which is explained below. The Company periodically reviews its corporate governance practices to ensure that they continue to meet the requirements of the CG Code.

Under the Code Provision C.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. On 21 March 2022, Mr. Wong Man Li was appointed as the chief executive officer of the Company. Mr. Wong Man Li, who also acts as the Chairman and the Managing Director of the Company, has been responsible for overseeing the general operations of the Group. The Board meets regularly to consider major matters concerning the operations of the Group. The Board considers that this structure had not impaired the balance of power and authority between the Board and the management of the Company as all major decisions have been made in consultation with the Board and appropriate Board committees, as well as management. The roles of the respective executive directors and senior management who are in charge of different functions complement the role of the chairman and chief executive officer. In addition, there are four independent non-executive Directors on the Board offering their experience, expertise, independent advice and views from different perspectives. The Board is therefore of the view that there were adequate balance of power and safeguards in place. The Board believes that this structure had allowed the Group to operate efficiently.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as a code of conduct of the Company for Directors' securities transactions. The Company has made specific enquiry of all Directors and the relevant employees regarding any non-compliance with the Model Code during the Review Period, and they all confirmed that they had fully complied with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions. Employees who are deemed to be in possession of unpublished price sensitive information in relation to the Company or its shares are prohibited from dealing in shares of the Company during the black-out period.

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

Working closely with the external auditors, the Audit Committee has reviewed the Group's audited consolidated results for the financial year ended 31 March 2024.

Shareholders whose names appear on the Company's register of members on Monday, 24 June 2024, will be eligible to attend and vote at the annual general meeting of the Company to be held on Monday, 24 June 2024 (the "AGM"). The transfer books and register of members will be closed from Wednesday, 19 June 2024 to Monday, 24 June 2024, both days inclusive, during which period no transfer of Shares will be effected. In order to determine the identity of Shareholders who are entitled to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 18 June 2024.

Shareholders whose names appear on the Company's register of members on Wednesday, 10 July 2024, will qualify for the proposed final dividend. The Company's transfer books and register of members will be closed from Monday, 8 July 2024 to Wednesday, 10 July 2024 (both days inclusive) for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to qualify for the proposed final dividend, all transfer forms accompanied by the relevant Share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited located at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 5 July 2024. The proposed final dividend (the payment of which is subject to the Shareholders' approval at the AGM) is expected to be paid on Monday, 22 July 2024 to Shareholders whose name appear on the register of members of the Company on Wednesday, 10 July 2024.

[illegible]

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2024 as set out in this announcement have been agreed by the Group's auditor, Messrs. PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the FY2024. The work performed by Messrs. PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or no assurance conclusion has been expressed by Messrs. PricewaterhouseCoopers on this announcement.

By Order of the Board

[illegible]

Hong Kong, 16 May 2024

[illegible]