MANWAH

M GS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 01999)

Interim Report 2022/23

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First Class Experience



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

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

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

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

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

Ms. Liu Xiaoting

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Registered Public Interest Entity Auditor
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Estera Management (Bermuda) Limited

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

1999

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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 2022 ("1HFY2023" or the "Review Period").

During the Review Period, the global economy was rocked by the pandemic and under tremendous downward pressure. During the Review Period, the total revenue of the Group decreased by 8.0% year-on-year. Revenue from domestic sales decreased by 9.8% upon translation into HK dollar, and by 5.6% if denominated in RMB. Revenue from exports decreased by 4.7%.

Presented with such challenges, we enhanced our production efficiency and lowered our costs in the past half year in terms of intelligent manufacturing through intelligent leather reading, cross-model automatic mixed typography, well-paced human-machine integrated production and standardized and controllable processes, all while maintaining our standard of quality. During the Review Period, production costs decreased by 12.8% and gross profit margin increased by 2.6%. By strengthening internal management, optimizing processes and improving management efficiency, the selling expenses decreased by 8.6% year-on-year.

By aligning Group-wide efforts, tapping into our internal potential and improving production processes, the cost and expenses were effectively controlled, the gross profit margin greatly improved, the expense ratio was reduced, and the profitability of the Company significantly improved. During the Reporting Period, although the total revenue decreased by 8.0%, the net profit attributable to owners of the Company increased by 10.5% year-on-year.

The Group will continue to expand its presence in the furniture and household markets to seize the development opportunities in the industry. In the domestic market, we will continue to strengthen our capabilities in intelligent manufacturing; step up our support for dealers and enhance the refined management of dealers to optimize their operating efficiency; combine online marketing methods such as live streaming, VR, video, and 5G big smart screen to increase the sales experience frequency, conversion rate and average transaction amount. In overseas markets, we will leverage the advantages of the production base in Mexico to further expand our market share in the North America market. In the coming years, we will combine our product, brand and channel advantages to further enhance the Group's brand influence and market share.

We appreciate the trust and support for us from all consumers and investors. The future is promising for those who plough ahead. We will fulfill the expectation on us and achieve better results!

Chairman

15 November 2022

With its long history and industry expertise, the Group has gradually improved its ability to resist risks, and was able to maintain a steady and robust development in the face of major changes in the market. At the same time, we continued to consolidate our internal strength by improving product R&D capabilities, enriching the Company's product line, actively expanding its domestic market presence and enhancing the strength of distributors. During the Review Period, the net profit attributable to owners of the Company increased by 10.5%.

Despite the impact of the pandemic, 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.

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.

Benefiting from a diversified market distribution and after years of development, the Group's business has gradually changed from an export-oriented business model to a brand-oriented business model. The brand sales business in China accounted for over 60% of the Group's revenue for the Review Period. The breakdown of revenue by region is as follows:

1

During the Review Period, the Group's sales revenue in the PRC market was HK$6,016,887,000 and revenue from the principal business in the PRC market (excluding real estate, mall property and other business revenue) was HK$5,713,297,000, representing a decrease of 10.7% as compared with HK$6,399,612,000 for the corresponding period last year.

In respect of the offline sales channels in the PRC market, the Group continued to carry out the "Take Over China" strategy, seized the opportunity presented by the pandemic to optimize industry layout, and accelerated the opening of stores, which further increased the overall number of stores and the area of stores in the PRC. As at 30 September 2022, the Group had a total of 6,230 brand stores in China (excluding 1,514 Style, Pulini and Suning stores). During the Review Period, the net increase in the number of stores was 262.

In terms of the online sales channels in the Chinese market, the Group continued to enhance its sales on Tmall, JD.com and other e-commerce platforms, and actively promoted the live broadcast sales model. Through short video promotion, live broadcast of our own stores, and in-depth collaboration with leading online streamers, we have achieved a substantial increase in brand influence. In addition, the Group also made strides in new retail business, with the aim of achieving full integration of its online and offline businesses to unlock new growth opportunities.

2

During the Review Period, the Group's sales revenue in the North America market was essentially flat compared with the last corresponding period. The sales revenue from principal business in the North America market amounted to HK$2,564,090,000, representing an increase of approximately 0.1% from HK$2,562,340,000 in the last corresponding period.

To mitigate the negative impact on revenue and gross profit margin caused by the tariffs imposed by the US Government, the Group acquired a factory in Vietnam in June 2018 and the factory has been put into operation in Vietnam since 2020.

3

During the Review Period, the Group recorded an increase in revenue in Europe and other overseas markets (excluding Home Group). During the Review Period, the sales revenue from principal business amounted to HK$670,087,000, representing a year-on-year increase of 2.1% from HK$656,541,000 for the corresponding period last year.

During the Review Period, due to the impact of the pandemic and the war between Russia and Ukraine, the main business revenue in Home Group decreased by 39.9% year-on-year. The Group's production facilities in Ukraine have not been materially disrupted during the Review Period but management continues to monitor the situation in Ukraine following the war between Russia and Ukraine.

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	1HFY2022	Change	1HFY2022	1HFY2022
Sofas and ancillary products business	7,058,984	-5.0%	68.1%	37.5%
Other products	2,559,509	-12.5%	24.7%	33.1%
Home Group business	464,930	-39.9%	4.5%	25.6%
Other businesses	131,028	-52.6%	1.3%	67.1%
Other income	143,485	70.3%	1.4%	–
Total	10,357,936	-8.0%	100.0%	36.2%

For the Review Period, total revenue (including the income from main business and other income) of the Group decreased by approximately 8.0% to approximately HK$9,533,349,000 (six months ended 30 September 2021 ("1HFY2022"): approximately HK$10,357,936,000). The overall gross profit margin was approximately 38.8% (approximately 36.2% for the corresponding period of last year).

During the Review Period, excluding Home Group business, the Group sold approximately 754,000 sets of sofas products (1HFY2022: approximately 820,000 sets), representing a decrease of approximately 8.0% (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 decreased by 1.5% and sets of sofas products for sales of export decreased by 15.1%.

1

During the Review Period, revenue from the sofas and ancillary products business was approximately HK$6,707,868,000, representing a decrease of approximately 5.0% as compared with approximately HK$7,058,984,000 recorded in the last corresponding period.

2

During the Review Period, the Group's revenue from other products (comprising of bedding, smart furniture spare parts and other furniture products sold to commercial clients) reached approximately HK$2,239,606,000, representing a decrease of approximately 12.5% as compared with approximately HK$2,559,509,000 in the last corresponding period.

3

During the Review Period, the Group's revenue from Home Group was approximately HK$279,461,000, which is down by approximately 39.9% compared with approximately HK$464,930,000 in the last corresponding period.

4

During the Review Period, the Group's revenue from real estate, the hotel and furniture mall business was approximately HK$62,091,000, which is down by approximately 52.6% compared with approximately HK$131,028,000 in the last corresponding period.

During the Review Period, the Group's other income (as detailed under the paragraph headed "Other Income" below) amounted to approximately HK$244,323,000, representing an increase of approximately 70.3% from approximately HK$143,485,000 in the last corresponding period.

		1HFY2022 HK$'000	Change
Cost of raw materials		5,290,830	-15.4%
Labour costs		932,559	-5.4%
Manufacturing overhead		290,837	10.9%
Total		6,514,226	-12.8%

Leather	-0.5%
Metal frame	-8.5%
Wood	21.2%
Fabric	0.3%
Chemicals	-15.8%
Packaging paper	0.9%

During the 1HFY2023, the Group's other income increased by approximately 70.3% from approximately HK$143,485,000 in the corresponding period last year to approximately HK$244,323,000. The increase was mainly due to the increase of government subsidies.

	1HFY2022 HK$'000	Change
Income from sales of scrap*	15,147	3.3%
Government subsidies**	81,914	107.4%
Income on structured deposits and interest income***	41,566	29.5%
Others	4,858	2.3%
Total	143,485	70.3%

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 1HFY2023.

** 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.

*** Income from structured deposits originated from the use of unutilized funds by the Group to invest in wealth management products of major commercial banks in mainland China.

During the 1HFY2023, the net of other losses of the Group amounted to approximately HK$25,121,000, compared with losses of approximately HK$2,856,000 in the last corresponding period. The aforesaid losses in the Review Period were mainly attributable to the loss on disposal of property, plant and equipment.

Selling and distribution expenses decreased by approximately 8.6% from approximately HK$2,015,834,000 in the 1HFY2022 to approximately HK$1,843,264,000 in the 1HFY2023. Selling and distribution expenses as a percentage of revenue increased from approximately 19.7% in the 1HFY2022 to approximately 19.8% in the 1HFY2023, including:

(a) Offshore transportation and port charges decreased by approximately 30.1% from approximately HK$713,760,000 to approximately HK$498,628,000. Offshore transportation and port charges as a percentage of revenue decreased from approximately 7.0% to approximately 5.4%; domestic transportation expenses decreased by approximately 3% from approximately HK$235,282,000 to approximately HK$228,195,000. Domestic transportation expenses as a percentage of revenue increased from approximately 2.3% in the 1HFY2022 to approximately 2.5% in the 1HFY2023;

(b) Advertising, promotion and brand building expenses decreased by approximately 3.8% from approximately HK$257,853,000 to approximately HK$248,017,000. Advertising, promotion and brand building expenses as a percentage of revenue increased from approximately 2.5% in the 1HFY2022 to approximately 2.7% in the 1HFY2023;

(c) Salaries, welfare and commissions of sales staff increased by approximately 24.9% from approximately HK$337,033,000 to approximately HK$420,978,000. Salaries, welfare and commissions of sales staff as a percentage of revenue increased from approximately 3.3% in the 1HFY2022 to approximately 4.5% in the 1HFY2023;

(d) Tariffs on goods exported to the United States decreased by approximately 18.8% from approximately HK$62,303,000 to approximately HK$50,597,000. Tariffs on goods exported to the United States as a percentage of revenue decreased from approximately 0.6% in the 1HFY2022 to approximately 0.5% in the 1HFY2023;

(e) Network service expenses increased by approximately 15.2% from approximately HK$57,023,000 in the 1HFY2022 to approximately HK$65,668,000. Network service expenses as a percentage of revenue increased from approximately 0.6% in the 1HFY2022 to approximately 0.7% in the 1HFY2023.

Administrative expenses increased by approximately 5.8% from approximately HK$533,771,000 in the 1HFY2022 to approximately HK$564,496,000 in the 1HFY2023, and their percentage to revenue increased from approximately 5.2% in the 1HFY2022 to approximately 6.1% in the 1HFY2023.

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During the Review Period, share of profit of joint ventures was approximately HK$1,788,000 (1HFY2022: approximately HK$5,207,000). During the Review Period, the Group had interests in two joint ventures, one of which operates a bedding business and the other, which operates an advertising business, became a subsidiary of the Group on 1 April 2022.

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Finance costs increased by approximately 82.3% from approximately HK$33,505,000 in the 1HFY2022 to approximately HK$61,068,000 in the 1HFY2023. Such costs were mainly interest expenses of loans. Such increase in finance costs was mainly due to the rise of interest rate during the Review Period.

Income tax expense increased by approximately 23.0% from approximately HK$237,367,000 in the 1HFY2022 to approximately HK$292,061,000 in the 1HFY2023. Income tax as a percentage of profit before tax increased from approximately 18.8% in the 1HFY2022 to approximately 21.5% in the 1HFY2023.

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The profit attributable to owners of the Company increased by approximately 10.5% from approximately HK$988,136,000 in the 1HFY2022 to approximately HK$1,092,131,000 in the 1HFY2023. The net profit margin of the Group was approximately 11.8% during the Review Period (approximately 9.7% in the 1HFY2022).

As at 30 September 2022, the Group's cash and cash equivalents (excluding restricted bank balances) and short-term bank deposits were approximately HK$1,770,992,000 and HK$1,304,483,000. 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.

As at 30 September 2022, the Group's short-term bank borrowings amounted to approximately HK$4,065,568,000 and long-term borrowings amounted to approximately HK$378,000. The Group's bank borrowings are denominated in HK$ and RMB, and carry interest at fixed and variable rates. The fixed rates range from 0.65% to 3.90% (for the year ended 31 March 2022: 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 3.52% to 4.33% (for the year ended 31 March 2022: 1.17% to 2.15%), 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 2.10% to 2.80% (for the year ended 31 March 2022: 2.10% to 2.80%). The weighted average effective interest rates of the above variable-rate and fixed-rate bank borrowings were 3.84% and 3.35%, respectively (for the year ended 31 March 2022: 1.48% and 2.72%, respectively) per annum.

The Group's primary source of working capital is cash flow from operating activities and bank deposits. As at 30 September 2022, the Group's current ratio was approximately 1.2 (31 March 2022: approximately 1.3). As at 30 September 2022, the Group's gearing ratio was approximately 37.2% (31 March 2022: approximately 37.0%), which is the total borrowings divided by total equity attributable to owners of the Group.

As at 30 September 2022, the restricted bank balances of the Group amounted to approximately HK$370,000. As of 30 September 2022, some subsidiaries of Home Group had pledged certain assets for financing, including property, plant and equipment with a carrying amount of approximately HK$1,095,000 (31 March 2022: property, plant and equipment with a carrying amount of approximately HK$1,615,000).

Save as disclosed in Note 22 to the condensed consolidated interim financial information, the Group did not have any material capital commitments.

As at 30 September 2022, the Group did not have any material contingent liabilities.

As at 30 September 2022, the Group had provision classified as current liabilities related to litigations filed by a former supplier against the Group. No payment has been made. The Group has made a provision of approximately HK$84,528,000, which reflects the management's best estimate after consultation with the legal counsel. In cases where the actual future outcomes differ from the estimation, further provision may be required.

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.

Save as disclosed herein, the Group did not have any significant investments or material acquisitions or disposals of subsidiaries, associates or joint ventures during the 1HFY2023. The Group continues to seek opportunities to acquire furniture companies to accelerate the development of the Group.

As at 30 September 2022, the Group had 26,813 employees (31 March 2022: 28,685 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 1HFY2023, the total staff cost for the Group amounted to approximately HK$1,459,841,000 (1HFY2022: approximately HK$1,508,835,000), of which approximately HK$7,355,000 (1HFY2022: approximately HK$15,969,000) 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.

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Recliner sofas are garnering an ever-growing market share in China and around the world. The Group will increase its investments in intelligent manufacturing and digital management, so as to ensure quality, reduce labor intensity and production costs, improve product competitiveness, and continuously meet consumer demand for products through automatic and integrated production processes.

The Group will adhere to the strategy of growing the Company through talent management. We attach great importance to and make strategic planning for our talent development. We will vigorously implement the organizational reform strategy and clarify the Company's core capabilities and competitiveness, so as to stimulate organizational vitality. We will continuously improve our remuneration performance policy, focus on performance management, formulate performance appraisal indicators, and push forward the full implementation of various business tasks.

The Board has resolved to declare an interim dividend of HK15.0 cents per share (six months ended 30 September 2021: an interim dividend of HK13.0 cents per share) payable to those shareholders of the Company (the "Shareholders") whose names appear on the Company's register of members on Friday, 2 December 2022.

There was no purchase, sale or redemption by the Company or any of its listed securities during the Review Period.

As at 30 September 2022, 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:

Mr. Wong Man Li	Interest in controlled corporation	2,400,782,400[2]	61.10%
	Spouse	2,546,400[3]	0.06%
	Beneficial owner	3,090,000	0.08%
Ms. Hui Wai Hing	Beneficial owner	2,546,400[3]	0.06%
	Spouse	2,403,872,400[3]	61.18%
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 3,929,393,600 Shares issued as at 30 September 2022.

2. These 2,400,782,400 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 2,400,782,400 Shares held by Man Wah Investments Limited. Mr. Wong is a director of Man Wah Investments Limited. Mr. Wong also holds 2,789,600 Shares and 300,400 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 2,296,800 Shares and the 249,600 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 2,403,872,400 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 714,400 Shares held by Mr. Dai and 334,000 underlying shares upon the exercise of share options granted to Mr. Dai under the Share Option Schemes. Upon exercise of the said share options, Mr. Dai will own an aggregate of 1,048,400 Shares.

6. This figure represents the aggregate number of 1,989,600 Shares held by Ms. Wong and 232,000 share options granted to Ms. Wong under the Share Option Schemes. Upon exercise of the said share options, Ms. Wong will own an aggregate of 2,221,600 Shares.

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.

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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 2022, 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, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Other than those disclosed in this section, no right to subscribe for equity or debt securities of the Company has been granted by the Company to, nor have any such rights been exercised by, any Directors or chief executives of the Company during the six months ended 30 September 2022.

As at 30 September 2022, 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	2,400,782,400	61.10%

Notes:

1. The percentage of the Company's issued share capital is based on the 3,929,393,600 Shares issued as at 30 September 2022.

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 2022, 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.

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	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	13.1.2017	13.1.2017–12.1.2021	13.1.2021–12.1.2023	5.17	68,800	–	–	–	68,800
	12.2.2018	12.2.2018–11.2.2021	12.2.2021–11.2.2023	7.18	31,200	–	–	–	31,200
		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	12.2.2018	12.2.2018–11.2.2022	12.2.2022–11.2.2024	7.18	42,000	–	–	–	42,000
	28.1.2019	28.1.2019–27.1.2022	28.1.2022–27.1.2024	3.91	95,200	–	–	(95,200)	–
		28.1.2019–27.1.2023	28.1.2023–27.1.2025	3.91	95,200	–	–	–	95,200
	17.1.2020	17.1.2020–16.1.2022	17.1.2022–16.1.2024	6.53	39,200	–	–	(39,200)	–
		17.1.2020–16.1.2023	17.1.2023–16.1.2025	6.53	39,200	–	–	–	39,200
		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	13.1.2017	13.1.2017–12.1.2021	13.1.2021–12.1.2023	5.17	31,200	–	–	–	31,200
	12.2.2018	12.2.2018–11.2.2021	12.2.2021–11.2.2023	7.18	24,800	–	–	–	24,800
		12.2.2018–11.2.2022	12.2.2022–11.2.2024	7.18	24,000	–	–	–	24,000
	28.1.2019	28.1.2019–27.1.2021	28.1.2021–27.1.2023	3.91	22,800	–	–	–	22,800
		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

Employees working under employment contracts that are regarded as "continuous contracts" for the purposes of the Employment Ordinance (Chapter 57 of the laws of Hong Kong)	13.1.2017	13.1.2017–12.1.2021	13.1.2021–12.1.2023	5.17	55,200	–	–	–	55,200
	12.2.2018	12.2.2018–11.2.2021	12.2.2021–11.2.2023	7.18	108,400	–	–	(14,800)	93,600
		12.2.2018–11.2.2022	12.2.2022–11.2.2024	7.18	724,000	–	–	(104,400)	619,600
	28.1.2019	28.1.2019–27.1.2021	28.1.2021–27.1.2023	3.91	201,200	–	(13,600)	(16,800)	170,800
		28.1.2019–27.1.2022	28.1.2022–27.1.2024	3.91	2,095,200	–	(13,600)	(805,600)	1,276,000
		28.1.2019–27.1.2023	28.1.2023–27.1.2025	3.91	2,941,200	–	(70,800)	–	2,870,400
	17.1.2020	17.1.2020–16.1.2022	17.1.2022–16.1.2024	6.53	1,470,400	–	(20,400)	(254,800)	1,195,200
		17.1.2020–16.1.2023	17.1.2023–16.1.2025	6.53	1,779,200	–	(47,200)	–	1,732,000
		17.1.2020–16.1.2024	17.1.2024–16.1.2026	6.53	1,546,000	–	(34,400)	–	1,511,600
	3.2.2021	3.2.2021–2.2.2023	3.2.2023–2.2.2025	19.78	1,436,400	–	(54,000)	–	1,382,400
		3.2.2021–2.2.2024	3.2.2024–2.2.2026	19.78	1,377,600	–	(45,200)	–	1,332,400
		3.2.2021–2.2.2025	3.2.2025–2.2.2027	19.78	1,118,400	–	(26,800)	–	1,091,600
	16.2.2022	16.2.2022–15.2.2024	16.2.2024–15.2.2026	11.1	2,770,000	–	(122,400)	–	2,647,600
		16.2.2022–15.2.2025	16.2.2025–15.2.2027	11.1	2,713,600	–	(118,400)	–	2,595,200
		16.2.2022–15.2.2026	16.2.2026–15.2.2028	11.1	2,260,400	–	(82,400)	–	2,178,000
					23,847,600	–	(649,200)	(1,330,800)	21,867,600
Exercisable options	Before 30 September 2022								3,924,400

Notes:

1. Number of Shares in the Company over which options granted under the 2010 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$6.46.
4. 2010 Share Option Scheme was expired on 4 March 2020. 2020 Share Option Scheme has been adopted by the Company on 3 July 2020.
5. The Company currently does not have any share award scheme.

The Company has engaged Messrs. PricewaterhouseCoopers, the auditor of the Company ("Auditor") to assist the audit committee of the Company ("Audit Committee") to review the report of the Group for the six months ended 30 September 2022. The interim financial information of the Group for the six months ended 30 September 2022 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".

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

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Shareholders whose names appear on the Company's register of members on Friday, 2 December 2022, will be eligible for the interim dividend. The transfer books and the register of members of the Company will be closed from Wednesday, 30 November 2022 to Friday 2 December 2022, 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 Tuesday, 29 November 2022. The interim dividend is expected to be payable on or before Friday, 16 December 2022 to the Shareholders whose names appear on the register of members of the Company on Friday, 2 December 2022.

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Pursuant to Rule 13.51B(1) of the Listing Rules, during the Review Period, the changes in the Directors' information are as follows:

1. Mr. Yang Siu Shun has been appointed as an independent non-executive director and a member of the Audit Committee with effect from 1 April 2022;

2. The annual remuneration of the independent non-executive directors was increased from HK$380,000 to HK$420,000, with effect from 1 April 2022;

3. Mr. Yang Siu Shun was appointed as an independent non-executive director of Xinyi Glass Holdings Limited (信義玻璃控股有限公司) (stock code: 00868) on 2 June 2022;

4. Mr. Ding Yuan was appointed as an independent non-executive director of JS Global Lifestyle Company Limited (stock code: 1691) on 29 August 2022.

During the six months ended 30 September 2022, the Company has applied the principles of, and complied with, the applicable code provisions of the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), save for the deviation from Code Provision C.2.1 which is explained below. The Company periodically reviews its corporate governance practices to ensure that they continue to meet the requirements of the CG Code.

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

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The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as a code of conduct of the Company for directors' securities transactions. Having made specific enquiry of all directors, the directors have confirmed that they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding directors' securities transactions throughout the six months ended 30 September 2022.

By the order of the Board

Chief Executive Officer and Executive Director

Hong Kong, 15 November 2022

pwc

羅兵咸永道

(incorporated in Bermuda with limited liability)

We have reviewed the interim financial information set out on pages 22 to 50, which comprises the condensed consolidated interim statement of financial position of Man Wah Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 September 2022 and the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim statement of changes in equity and the condensed consolidated interim statement of cash flows for the six-month period then ended, and notes, comprising significant accounting policies and other explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Certified Public Accountants

Hong Kong, 15 November 2022

For the six months ended 30 September 2022

	Note	2021 HK$'000 (Unaudited)
Revenue and other income		10,357,936
Revenue	6	10,214,451
Cost of goods sold		(6,514,226)
		3,700,225
Other income	7	143,485
Other losses, net	8	(2,856)
Selling and distribution expenses		(2,015,834)
Administrative and other expenses		(533,771)
	9	1,291,249
Finance costs	10	(33,505)
Share of results of joint ventures		5,207
		1,262,951
Income tax expense	11	(237,367)
		1,025,584
Item that may be reclassified to profit or loss		
Currency translation differences		258,581
		258,581
		1,284,165

For the six months ended 30 September 2022

	Note	2021 HK$'000 (Unaudited)
Owners of the Company		988,136
Non-controlling interests		37,448
		1,025,584
Owners of the Company		1,244,594
Non-controlling interests		39,571
		1,284,165
– Basic (HK cents per share)	12	24.96
– Diluted (HK cents per share)	12	24.90

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

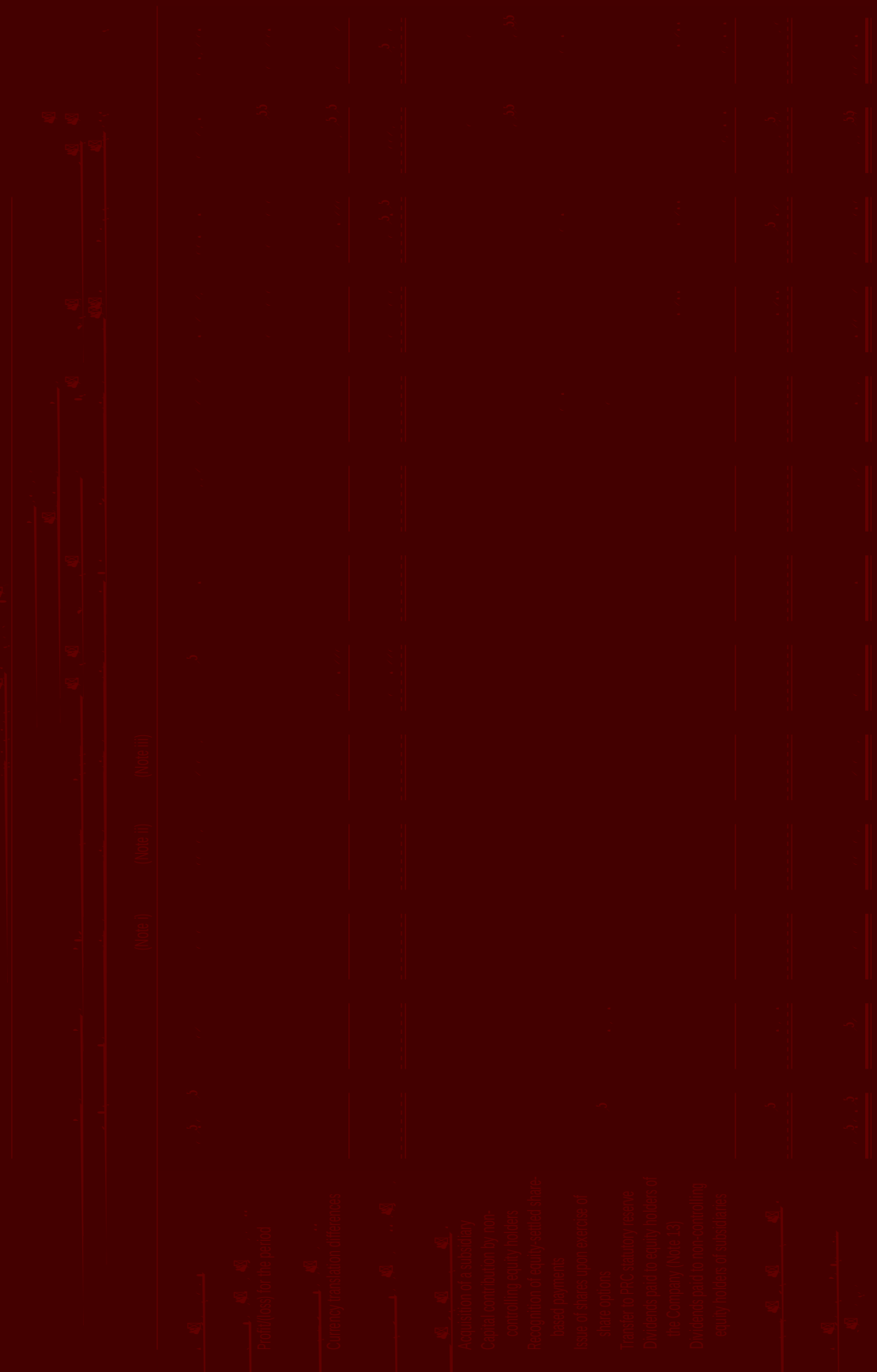
As at 30 September 2022

	Note	31 March 2022 HK$'000 (Audited)
Property, plant and equipment	14	6,051,190
Investment properties		495,827
Right-of-use assets		2,931,906
Goodwill	15	1,003,331
Other intangible assets	15	276,525
Interests in joint ventures		67,773
Financial assets at fair value through profit or loss		1,973
Deferred tax assets		41,025
Deposits paid for right of use assets		30,070
Prepayments and deposits paid for acquisition of property, plant and equipment		280,882
Total non-current assets		11,180,502
Inventories		2,698,697
Properties held for sale		209,623
Properties under development		178,751
Trade receivables and bills receivable	16	2,245,088
Other receivables and prepayments	16	775,074
Financial assets at fair value through profit or loss		386,919
Tax recoverable		10,986
Short-term bank deposits		5,855
Restricted bank balances		4,045
Cash and cash equivalents		2,825,704
Total current assets		9,340,742
		20,521,244
Share capital	20	1,571,225
Reserves		10,138,478
		11,709,703
		1,038,470
		12,748,173

	Note	31 March 2022 HK$'000 (Audited)
Lease liabilities		165,855
Bank borrowings, non-current portion	19	566
Deferred tax liabilities		161,423
Other non-current liabilities		1,550
Total non-current liabilities		329,394
Trade payables and bills payable	17	1,155,911
Other payables and accruals	17	1,224,626
Lease liabilities		106,493
Contract liabilities	18	354,907
Bank borrowings, current portion	19	4,335,016
Tax payable		266,724
Total current liabilities		7,443,677
		7,773,071
		20,521,244

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 2022



For the six months ended 30 September 2022

	Attributable to owners of the Company											Non-controlling interests HK$'000	Total HK$'000
	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$'000	Retained profits HK$'000	Subtotal HK$'000		
At 1 April 2022	1,538,530	2,374,631	(8,142)	(11,411)	720,108	(37,289)	37,099	(48)	20,595	6,370,751	10,744,332	37,749	10,782,081
Profit for the period	-	-	-	-	-	-	-	-	-	988,186	988,186	2,123	990,309
Currency translation differences	-	-	-	-	-	256,458	-	-	-	-	256,458	123	256,581
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	1,024,165	1,024,165
Capital contribution by non-controlling equity holders	-	-	-	-	-	-	-	-	-	-	-	89,272	89,272
Partial disposal of interests in a subsidiary without change of control	-	-	-	-	-	-	-	-	-	-	-	90,136	90,136
Recognition of equity-settled share-based payments	-	-	-	-	-	-	-	-	6,008	-	6,008	22,072	28,080
Issue of shares upon exercise of share options	4,000	6,364	-	-	-	-	-	-	(1,857)	-	8,507	101,311	109,818
Dividend paid to equity holders of the Company (Note 13)	-	-	-	-	-	-	-	-	-	(633,588)	(633,588)	-	(633,588)
Dividend paid to non-controlling equity holders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(41,088)	(41,088)
Transfer to PRC statutory reserve	-	-	-	-	75	-	-	-	-	(75)	-	-	-
At 30 September 2022	1,542,530	2,380,995	(8,142)	(11,411)	720,183	(80,831)	37,099	(48)	24,801	6,725,224	11,241,830	1,297,761	12,539,591

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.

	Note	2021 HK$'000 (Unaudited)
Cash generated from operations		1,474,146
Interest paid		(23,757)
Interest received		14,207
Income tax paid, net		(213,218)
		1,251,378
Investment in structured deposits		(6,702,282)
Payment for acquisition of property, plant and equipment		(930,023)
Withdrawal of restricted bank balances		3,946
Placement of restricted bank balances		(4,544)
Purchase of other intangible assets		(468)
Proceeds from disposal of structured deposits		6,675,088
Proceeds from disposal of property, plant and equipment		28,369
Payment for acquisition of subsidiary, net of cash acquired		(147,082)
Placement of short term bank deposits		–
Withdrawal of short-term bank deposits		729,393
		(347,603)
Dividends paid to equity holders of the company	13	(633,588)
Dividends paid to non-controlling equity holders of subsidiaries		(41,088)
Repurchase of shares		(39,272)
Repayment of borrowings		(533,117)
New borrowings raised		426,774
Proceeds from issue of shares upon exercise of share options		6,364
Capital contribution from non-controlling equity holders of subsidiaries		112,000
Principal elements of lease payments		(36,510)
		(738,437)
		165,338
Cash and cash equivalents at beginning of the period		2,404,027
Effect of foreign exchange rate changes		15,819
		2,585,184

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

1 F

Man Wah Holdings Limited (the "Company") and its subsidiaries (together the "Group") are principally engaged in the manufacturing and trading of sofas, ancillary products and chairs 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 2022.

The condensed consolidated interim financial information has not been audited.

2 F

The condensed consolidated interim financial information for the six months ended 30 September 2022 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 2022, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

3 F

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2022, as described in those annual financial statements.

A number of new or amended standards became applicable for the current reporting period:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contract – Cost Fulfilling a Contract
Annual improvement project (Amendments)	Annual Improvements to IFRSs (2018–2020)

3 [illegible]

The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting the above new or amended standards.

Certain new accounting standard, amendments to standards and interpretations have been published that are not mandatory for the financial year beginning 1 April 2022 and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

4

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 2022.

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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 2022. There have been no significant changes in the risk management policies since 31 March 2022.

.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 discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments, unless the discounting effect is insignificant.

The Group's financial assets at FVPL as at 30 September 2022 and 31 March 2022 are measured at fair value through profit of loss. The fair values are categorised as level 2 which are quoted prices available from over the counter markets.

As at 30 September 2022 and 31 March 2022, there are certain investments properties measured at fair value using market approach and income approach.

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")
Other products	–	manufacture and distribution of chairs and other products to commercial clients, mattresses, 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. Segment results represent the profit before income tax earned by each segment without allocation of other income, net exchange gains or losses, losses from changes in fair value of financial assets at FVPL, share of results of joint ventures, finance costs, and unallocated expenses.

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

External sales					
Segment results					
Other income					
Share of results of joint ventures					
Exchange gains, net					
Loss from change in fair value of financial assets at FVPL					
Finance costs					
Unallocated expenses					
Profit before income tax					

For the six months ended 30 September 2021 (Unaudited)

	Sofas and ancillary products HK$'000	Other products HK$'000	Other business HK$'000	Home Group business HK$'000	Total HK$'000
External sales	7,058,984	2,559,509	131,028	464,930	10,214,451
Segment results	980,557	446,144	31,211	13,793	1,471,705
Other income					143,485
Share of results of joint ventures					5,207
Exchange gains, net					6,154
Loss from change in fair value of financial assets at FVPL					(668)
Finance costs					(33,505)
Unallocated expenses					(329,427)
Profit before income tax					1,262,951

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

	2021 HK$'000 (Unaudited)
PRC (including Hong Kong and Macau)	6,530,640
North America	2,562,340
Europe	724,750
Others (Note)	396,721
	10,214,451

Note: Others mainly included Australia, Singapore, Indonesia, Israel and India. 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 2021: none).

Manufacture and distribution of goods
recognised at a point in time
Sofas and ancillary products
Residential properties
Chairs, mattresses, smart furniture
spare parts
Metal mechanism for recliners

Service income – recognised over time

PRC (including Hong Kong and Macau)
North America
Europe
Others

For the six months ended 30 September 2021 (Unaudited)

Segments	Sofas and ancillary products HK$'000	Other products HK$'000	Other business HK$'000	Home Group business HK$'000	Total HK$'000
Manufacture and distribution of goods recognised at a point in time					
Sofas and ancillary products	7,058,984	–	–	464,930	7,523,914
Residential properties	–	–	74,610	–	74,610
Chairs, mattresses, smart furniture spare parts	–	1,446,107	–	–	1,446,107
Metal mechanism for recliners	–	1,094,380	–	–	1,094,380
Other products to commercial clients	–	19,022	–	–	19,022
	7,058,984	2,559,509	74,610	464,930	10,158,033
Service income – recognised over time	–	–	56,418	–	56,418
	7,058,984	2,559,509	131,028	464,930	10,214,451
PRC (including Hong Kong and Macau)	4,333,382	2,066,230	131,028	–	6,530,640
North America	2,464,458	97,882	–	–	2,562,340
Europe	87,020	172,800	–	464,930	724,750
Others	174,124	222,597	–	–	396,721
	7,058,984	2,559,509	131,028	464,930	10,214,451

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	2021 HK$'000 (Unaudited)
Income from sales of scrap	15,147
Income on structure deposits	9,071
Interest income	32,495
Government subsidies	81,914
Others	4,858
	143,485

	2021 HK$'000 (Unaudited)
Exchange gains, net	6,154
Loss on disposal of property, plant and equipment	(1,991)
Impairment provision for trade receivables	(6,251)
Loss from changes in fair value of financial assets at FVPL	(668)
Others	(100)
	(2,856)

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

	2021 HK$'000 (Unaudited)
Cost of inventories	5,419,479
Amortisation of intangible assets	27,172
Depreciation of property, plant and equipment	245,445
Depreciation of right-of-use assets	45,033
Employee benefit expenses (including directors' emoluments)	1,508,835
Provision for impairment of inventories	2,119
Legal and professional fee	38,878

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	2021 HK$'000 (Unaudited)
Interest on bank borrowings	28,823
Interest on lease liabilities	3,768
Others	914
	33,505

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	2021 HK$'000 (Unaudited)
Current income tax:	
PRC Corporate Income Tax ("PRC CIT")	164,406
PRC Withholding Income Tax	23,442
PRC Land Appreciation Tax ("PRC LAT")	3,805
U.S. Federal and State Corporate Income Taxes ("U.S. CIT")	1,734
Macau Complementary Tax	22,937
Others	12,162
Deferred tax credit	(845)
Under-provision in prior years	9,726
	237,367

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 a preferential tax rate of 15% (six months ended 30 September 2021: 15%).

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

The U.S. CIT charge comprises federal income tax calculated at 21% (six months ended 30 September 2021: 21%) and state income tax calculated from 0% to 9% (six months ended 30 September 2021: 1% to 12%) 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 2021: 12%) on the assessable income.

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Earnings per share is computed as follows:

	2021 (Unaudited)
Profit attributable to owners of the Company for the period (HK$'000)	988,136
Weighted average outstanding ordinary shares, in thousands	3,958,843
Basic earnings per share for the period, in HK cents	24.96
Profit attributable to owners of the Company for the period (HK$'000)	988,136
Weighted average outstanding ordinary shares, in thousands	3,958,843
Effect of dilutive potential ordinary shares on exercise of share options	10,158
Weighted average outstanding ordinary shares after assuming dilution, in thousands	3,969,001
Diluted earnings per share for the period, in HK cents	24.90

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

	2021 HK$'000 (Unaudited)
Final dividend for 2022 of HK$0.17 (2022: HK$0.16 final dividend for 2021) per share	633,588

Subsequent to the end of the current interim period, the directors of the Company have determined that an interim dividend of HK$0.15 per share (2021: HK$0.13 per share) will be paid to the shareholders of the Company whose names appear in the Company's register of members on 2 December 2022.

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	HK$'000
Cost	8,238,220
Accumulated depreciation	(2,187,030)
Net book amount	6,051,190
Opening net book amount	6,051,190
Exchange adjustments	(567,747)
Additions	1,049,620
Acquisition of a subsidiary	243
Disposals	(119,804)
Depreciation	(255,527)
Closing net book amount	6,157,975
Cost	8,336,912
Accumulated depreciation	(2,178,937)
Net book amount	6,157,975
Cost	6,442,738
Accumulated depreciation	(1,668,444)
Net book amount	4,774,294
Opening net book amount	4,774,294
Exchange adjustments	100,536
Additions	844,434
Aquisition of subsidiaries	12,005
Disposals	(30,360)
Depreciation	(245,445)
Closing net book amount	5,455,464
Cost	7,368,655
Accumulated depreciation	(1,913,191)
Net book amount	5,455,464

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	HK$'000	HK$'000	HK$'000
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
Cost	560,519	297,611	858,130
Accumulated amortisation	–	(131,094)	(131,094)
Net book amount	560,519	166,517	727,036
Opening net book amount	560,519	166,517	727,036
Exchange adjustments	14,797	2,582	17,379
Acquisition of subsidiaries	322,698	155,346	478,044
Additions	–	468	468
Amortisation	–	(27,172)	(27,172)
Closing net book amount	898,014	297,741	1,195,755
Cost	898,014	455,361	1,353,375
Accumulated amortisation	–	(157,620)	(157,620)
Net book amount	898,014	297,741	1,195,755

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	31 March 2022 HK$'000 (Audited)
Trade receivables and bills receivable	2,269,774
Less: provision for impairment of trade receivables and bills receivable	(24,686)
Trade receivables and bills receivable, net	2,245,088
Valued added taxes recoverable	186,827
Deposits	80,473
Prepayments to suppliers	360,597
Loan receivable	–
Sundry receivables	147,177
	775,074

As at 30 September 2022, total bills receivable amounted to HK$13,667,000 (31 March 2022: HK$34,146,000). All bills receivable by the Group are with a maturity period of less than six months.

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

	31 March 2022 HK$'000 (Audited)
0 – 90 days	2,164,387
91 – 180 days	64,419
Over 180 days	16,282
	2,245,088

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.

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	31 March 2022 HK$'000 (Audited)	30 September 2021 HK$'000 (Audited)
		1,155,911
Accruals		711,012
Payables for acquisition of property, plant and equipment		20,874
Provision for legal claim (Note)		–
Other payables		492,740
		1,224,626

Note: As at 30 September 2022, the Group had provision classified as current liabilities related to litigations filed by a former supplier against the Group. No payment has been made and the recognised provision reflects the management's best estimate after consultation with the legal counsel. In cases where the actual future outcomes differ from the estimation, further provision may be required.

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

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

	31 March 2022 HK$'000 (Audited)	30 September 2021 HK$'000 (Audited)
0 – 90 days		1,154,833
91 – 180 days		917
Over 180 days		161
		1,155,911

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	31 March 2022 HK$'000 (Audited)	30 September 2021 HK$'000 (Audited)
Sales of sofas		350,134
Sales of properties under development		4,773
		354,907

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	31 March 2022 HK$'000 (Audited)	30 September 2021 HK$'000 (Audited)
Secured (Note)		1,280
Unsecured		4,334,302
		4,335,582

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

	31 March 2022 HK$'000 (Audited)	30 September 2021 HK$'000 (Audited)
The carrying amounts of the above borrowings are repayable:		
Within one year		4,335,016
Within a period of more than one year but not exceeding two years		566
		4,335,582
Less: Amounts due within one year shown under current liabilities		(4,335,016)
Amounts shown under non-current liabilities		566

The Group's bank borrowings are denominated in HK$ and RMB, and carry interest at fixed and variable rates. The fixed rates range from 0.65% to 3.90% (for the year ended 31 March 2022: 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 3.52% to 4.33% (for the year ended 31 March 2022: 1.17% to 2.15%), 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 2.10% to 2.80% (for the year ended 31 March 2022: 2.10% to 2.80%). The weighted average effective interest rates of the above variable-rate and fixed-rate bank borrowings were 3.84% and 3.35%, respectively (for the year ended 31 March 2022: 1.48% and 2.72%, respectively) per annum.

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

	31 March 2022 HK$'000 (Audited)	30 September 2021 HK$'000 (Audited)
Property, plant and equipment		1,615

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		HK$'000
Ordinary shares:		
At 1 April 2021, 31 March 2022 and 30 September 2022 – HK$0.40 each	5,000,000	2,000,000
At 1 April 2021	3,958,795	1,583,518
Repurchase of shares (Note)	(34,084)	(13,633)
Exercise of share options	3,351	1,340
At 31 March 2022	3,928,062	1,571,225
At 1 April 2022	3,928,062	1,571,225
Exercise of share options	1,331	532
At 30 September 2022	3,929,393	1,571,757

Note: During the year ended 31 March 2022, 34,084,000 ordinary shares of the Company of HK$0.40 each were repurchased at a price ranging from HK$8.93 to HK$15.50 per share.

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 2022.

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

	2021 '000
Outstanding as at 1 April	20,238
Cancelled/lapsed during the period	(603)
Exercised during the period	(1,179)
Outstanding as at 30 September	18,456

During the six months ended 30 September 2022, HK$6,363,000 were received for the share options exercised (six months ended 30 September 2021: HK$6,364,000).

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Details of specific categories of options are as follows:

January 2017	13.1.2017	155,200	13.1.2017–12.1.2021	13.1.2021–12.1.2023	5.17
February 2018	12.2.2018	149,600	12.2.2018–11.2.2021	12.2.2021–11.2.2023	7.18
		756,400	12.2.2018–11.2.2022	12.2.2022–11.2.2024	7.18
January 2019	28.1.2019	193,600	28.1.2019–27.1.2021	28.1.2021–27.1.2023	3.91
		1,359,200	28.1.2019–27.1.2022	28.1.2022–27.1.2024	3.91
		3,048,400	28.1.2019–27.1.2023	28.1.2023–27.1.2025	3.91
January 2020	17.1.2020	1,250,000	17.1.2020–16.1.2022	17.1.2022–16.1.2024	6.53
		1,826,000	17.1.2020–16.1.2023	17.1.2023–16.1.2025	6.53
		1,604,000	17.1.2020–16.1.2024	17.1.2024–16.1.2026	6.53
February 2021	3.2.2021	1,424,000	3.2.2021–2.2.2023	3.2.2023–2.2.2025	19.78
		1,374,000	3.2.2021–2.2.2024	3.2.2024–2.2.2026	19.78
		1,131,600	3.2.2021–2.2.2025	3.2.2025–2.2.2027	19.78
February 2022	16.2.2022	2,706,400	16.2.2022–15.2.2024	16.2.2024–15.2.2026	11.10
		2,654,000	16.2.2022–15.2.2025	16.2.2025–15.2.2027	11.10
		2,235,200	16.2.2022–15.2.2026	16.2.2026–15.2.2028	11.10
		21,867,600			

	31 March 2022 HK$'000 (Audited)	30 September 2021 HK$'000 (Audited)
Capital expenditure contracted but not provided for in respect of		
– acquisition and construction of property, plant and equipment		306,116
– construction of production plants		1,037,613
		1,343,729
Other commitments in respect of		
– construction of property under development		5,603
		5,603
		1,349,332

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

	2021 HK$'000 (Unaudited)
Rental expense paid to related parties (Note)	1,458

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.

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

	2021 HK$'000 (Unaudited)
Short-term employee benefits	15,548
Post-employment benefits	63
Equity-settled share-based payment expenses	358
	15,969