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MANWAH

MAN WAH HOLDINGS LIMITED

敏華控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 01999)

DISCLOSEABLE TRANSACTION – ACQUISITION OF 100% INTEREST IN GAINLINE RECLINE INTERMEDIATE CORP.

THE ACQUISITION

The Board is pleased to announce that on 18 December 2025 (after trading hours), MW USA Manufacturing, an indirect wholly-owned subsidiary of the Company, and the Vendor entered into the Purchase and Sale Agreement, pursuant to which MW USA Manufacturing has agreed to acquire, and the Vendor has agreed to sell, the Purchased Shares, representing 100% of the issued share capital of the Target Company, for a consideration of US$32,000,000. Concurrently with the Closing, the Vendor has delivered to the Company a duly executed copy of the payoff letter from a US bank which sets forth the total amount of US$27,993,885.51 that is required to repay in full all obligations outstanding under the banking facility granted to the Target Group as of the Closing Date.

Upon the Closing, MW HK Trading, an indirect wholly-owned subsidiary of the Company, has granted an interest-free Loan to the Target Group in the principal amount of US$26,670,335.51, for repayment in full of all obligations of the Target Group under the aforementioned banking facility. The remaining of US$1,323,550 is to be repaid by the Target Group's available cash in bank as of the Closing Date.

Therefore, the Group acquired the business of the Target Group for a total amount of approximately US$58.7 million, inclusive of the debt of the Target Group that will be retired at Closing.

The Closing of the Acquisition has taken place simultaneously with the execution of the Purchase and Sale Agreement on 18 December 2025 and upon the Closing, the Target Company is owned as to 100% by the Group and has become an indirect wholly-owned subsidiary of the Company, where the financial results, assets and liabilities of the Target Group will be consolidated into the financial statements of the Group.

The Target Group is principally engaged in the manufacturing and trading of upholstered furniture in the United States.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition is more than 5% but are all less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

PURCHASE AND SALE AGREEMENT

The Board is pleased to announce that on 18 December 2025 (after trading hours), MW USA Manufacturing, an indirect wholly-owned subsidiary of the Company, and the Vendor entered into the Purchase and Sale Agreement. The major terms of the Purchase and Sale Agreement are set out below:

Date

18 December 2025 (after trading hours)

Parties

(1) the Vendor; and

(2) MW USA Manufacturing.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Vendor is an Independent Third Party.

Subject Matter

Pursuant to the Purchase and Sale Agreement, MW USA Manufacturing has conditionally agreed to acquire, and Vendor has conditionally agreed to sell, all of the issued and outstanding capital stock of the Target Company (the "**Purchased Shares**").

Consideration

The Closing Payment Amount to be paid to the Seller as consideration for the Purchased Shares is US$32,000,000. Concurrently with the Closing, the Vendor has delivered to the Company a duly executed copy of the payoff letter from a US bank which sets forth the total amount of US$27,993,885.51 that is required to repay in full all obligations outstanding under the banking facility granted to the Target Group as of the Closing Date. The consideration was determined after arms' length negotiations with reference to the financial position and long history brand name of the Target Group.

In addition, MW HK Trading, an indirect wholly-owned subsidiary of the Company, has agreed to grant an interest-free Loan to the Target Group in the principal amount of US$26,670,335.51, which is to be used to repay the US bank in full all obligations of the Target Group under the banking facility as of the Closing Date. The remaining of US$1,323,550 is to be repaid by the Target Group's available cash in bank as of the Closing Date.

Payment Terms

The Closing Payment Amount shall be settled by the Purchaser at the closing, by paying to the Vendor the sum of (a) the Closing Payment Amount less (b) an escrow amount of US$4,000,000 that has been placed at an independent third-party escrow agent, and irrevocably instruct the escrow agent to release US$4,000,000 to the Vendor.

The Closing Payment Amount and provision of the Loan to the Target Group will be satisfied by the internal resources of the Group.

Closing

The closing of the transactions contemplated by this Agreement will take place simultaneously with the execution of this Agreement on the date hereof by electronic delivery of documents (by "portable document format," email or other form of electronic communication) all of which will be deemed to be originals.

INFORMATION ON THE COMPANY, THE VENDORS AND THE TARGET GROUP

The Company

The Company acts as an investment holding company and the Group is principally engaged in the manufacturing and trading of sofa, ancillary products and chairs and other products.

The Vendor

The Vendor is a Delaware limited liability company and who, to the best of the information, knowledge and belief of the Directors having made all reasonable enquiry, is Independent Third Party.

The Target Group

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The Target Company is a company incorporated in Delaware, which is directly and fully owned by the Vendor. It is principally engaged in investment holding and manufacturing and trading of upholstered furniture in the United States.

FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below is a summary of the audited consolidated financial information of the Target Group for the two financial years ended 28 June 2025 and 29 June 2024 respectively:

	For the year ended 28 June 2025 ("FY 2025") (audited) *($)*	**For the year ended 29 June 2024 ("FY 2024")** (audited) *($)*
Revenue	188,467,313	239,114,626
Loss before taxes	(10,853,339)	(3,428,578)
Net loss *( )*	(9,686,698)	(3,904,322)
Net Asset Value	25,205,875	34,892,573

: Net loss during FY2025 included amortisation of goodwill amounted to approximately US$6.0 million (FY2024: US$6.0 million) and bad debts amounted to approximately US$4.3 million (FY2024: US$0.5 million).

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Target Group is principally engaged in the manufacturing and trading of upholstered furniture in the United States. Based in northern Mississippi, the Target Group primarily operates through two brand names, Southern Motion which was founded in 1996 focusing on manufacturing of reclining furniture, and Fusion Furniture which was founded in 2009 focusing on manufacturing of stationary furniture. The Group believes that, following the Closing, there will be synergies between the business of the Target Group and that of the Group from the cross-selling opportunities through the Target Group's distribution network of over 1,000 active customers of furniture retailers, as well as the cost saving opportunities from the procurement of raw materials and enhanced manufacturing efficiency.

The Target Group has 8 facilities in northern Mississippi encompassing more than 2 million square feet. The Board not only anticipates synergies between the business of the Group and that of the Target Group but, following Closing, the Group's manufacturing footprint would be expanded to the United States to address the opportunities and challenges arising from changes in the international trade environment.

Taking into consideration the reasons for and benefits of the Acquisition to the Company as mentioned above, the Board considers that the terms of the Purchase and Sale Agreement are on normal commercial terms and are fair and reasonable and in the interests of the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition is more than 5% but all are less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

The following expressions have the following meanings in this announcement unless the content requires otherwise:

"Acquisition"	the acquisition of the Purchased Shares by MW USA Manufacturing from the Vendor in accordance with the terms of the Purchase and Sale Agreement
"Board"	the board of Directors
"Closing"	the closing of the Acquisition contemplated by the Purchase and Sale Agreement
"Closing Date"	date of Closing
"Closing Payment Amount"	means US$32,000,000
"Company"	Man Wah Holdings Limited 敏華控股有限公司, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Stock Exchange
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	director(s) of the Company

"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	the third party(ies) independent of the Company and its connected persons
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Loan"	an interest-free loan in the amount of US$26,670,335.51 granted from MW HK Trading to the Target Group
"MW HK Trading"	Man Wah (Hong Kong) Trading Company Limited 敏華（香港）貿易有限公司, a company incorporated in Hong Kong with limited liability, which is an indirect wholly-owned subsidiary of the Company
"MW USA Manufacturing"	Man Wah USA Manufacturing Limited 敏華美國製造有限公司, a company incorporated in Hong Kong with limited liabilities, which is an indirect wholly-owned subsidiary of the Company
"PRC"	the People's Republic of China which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
"Purchase and Sale Agreement"	the purchase and sale agreement dated 18 December 2025 entered into by the Vendor and MW USA Manufacturing in relation to the Acquisition
"Purchased Shares"	a total of 1,000 shares of the Target Company's common stock, representing 100% of the issued and outstanding capital stock of the Target Company as at the Closing Date
"Share(s)"	ordinary share(s) of HK$0.4 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Gainline Recline Intermediate Corp., a Delaware corporation
"Target Group"	collectively, the Target Company and its subsidiaries

"United States"	the United States of America
"US$"	the lawful currency of the United States
"Vendor"	Gainline Recline Holdings, LLC, a Delaware limited liability company
"%"	per cent

By Order of the Board
Man Wah Holdings Limited
Wong Man Li
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Hong Kong, 18 December 2025

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