



**MANWAH**

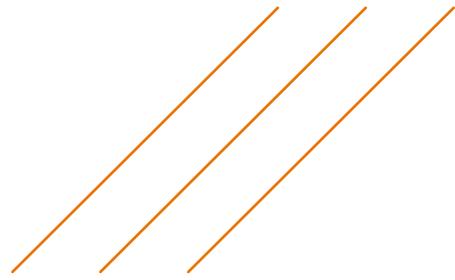
MAN WAH HOLDINGS LIMITED

2024/25 INTERIM REPORT



(Incorporated in Bermuda with limited liability) (Stock Code: 01999)

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# Corporate Information

## BOARD OF DIRECTORS

*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

## AUDIT COMMITTEE

Mr. Chau Shing Yim, David (*Chairman*)

Mr. Yang Siu Shun

Mr. Kan Chung Nin, Tony

Mr. Ding Yuan

## NOMINATION COMMITTEE

Mr. Wong Man Li (*Chairman*)

Mr. Chau Shing Yim, David

Mr. Kan Chung Nin, Tony

Mr. Ding Yuan

## REMUNERATION COMMITTEE

Mr. Ding Yuan (*Chairman*)

Mr. Wong Man Li

Mr. Chau Shing Yim, David

Mr. Kan Chung Nin, Tony

## COMPANY SECRETARY

Mr. Zhang Xian

## AUDITOR

PricewaterhouseCoopers

*Certified Public Accountants*

*Registered Public Interest Entity Auditor*

22/F Prince's Building

Central

Hong Kong

## BERMUDA SHARE REGISTRAR AND SHARE TRANSFER AGENT

Ocorian Service (Bermuda) Limited

Victoria Place, 5th Floor

31 Victoria Street

Hamilton HM 10

Bermuda

## HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

Shops 1712–1716

17th Floor

Hopewell Centre

183 Queen's Road East

Wanchai

Hong Kong

## REGISTERED OFFICE

Victoria Place, 5th Floor

31 Victoria Street

Hamilton HM 10

Bermuda

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

1st Floor, Wah Lai Industrial Center

10–14 Kwei Tei Street, Fotan

New Territories, Hong Kong

## LEGAL ADVISERS

Reed Smith Richards Butler LLP

Ocorian Law (Bermuda) Limited

## PRINCIPAL BANKERS

Hang Seng Bank

Hongkong and Shanghai Banking Corporation Limited

Citibank, N.A.

China Construction Bank Corporation

Agricultural Bank of China Limited

Industrial and Commercial Bank of China Limited

Bank of China Limited

## STOCK CODE

1999

## WEBSITE

[www.manwahholdings.com](http://www.manwahholdings.com)

## INVESTOR RELATIONS CONSULTANT

Strategic Financial Relations Limited

2401–2 Admiralty Centre I

18 Harcourt Road

Hong Kong

# Chairman's Statement

## DEAR SHAREHOLDERS,

On behalf of the board (the "Board") of directors (the "Directors") of Man Wah Holdings Limited ("Man Wah" or the "Company"), I hereby present the unaudited interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 September 2024 ("1HFY2025" or the "Review Period").

## BUSINESS REVIEW

Since the beginning of last year, the market has gradually shown changes of "domestically sluggish while export booms". North America and other export markets saw higher growth as we actively explored the marketing channels. However, the China market continued to recede from the consumption downgrade trend, and consumers' intention to purchase dropped to a freezing point, posing unprecedented pressure to domestic sales. During the Review Period, affected by the domestic sales market, we recorded a revenue of approximately HK\$8,305,373,000 during 1HFY2025, representing a year-on-year decrease of approximately 7.1%. Meanwhile, we effectively enhanced cost and expense management in the face of extremely sluggish market demands, and achieved growth in both gross profit margin and net profit margin while sales were under pressure. In particular, the Group's gross profit margin increased by approximately 0.4 percentage point year-on-year to approximately 39.5% and net profit margin increased by approximately 1 percentage point to approximately 13.7%. The profit attributable to owners of the Company was approximately HK\$1,138,925,000, achieving a positive growth of approximately 0.3%.

For the domestic market in 1HFY2025, compared to the "volume up and price down" of last year, consumer expectations further dipped this year, resulting in a "volume and price down" condition. During 1HFY2025, we recorded a revenue of approximately HK\$5,047,547,000 from the China market, representing a decrease of approximately 16.8% as compared with the corresponding period of last year. In particular, the sales volume of sofa decreased by approximately 9.9% with the average selling price dropping by approximately 4.0%. During 1HFY2025, we focused on strengthening the communication with and guidance to our distributors, implementing the three major targets of same-store growth and refining operational management, improving the operating quality of distributors on a continuous basis, realizing the sound and sustainable development of the distributor system amidst the sales pressure, and maintained a low-single-digit store closure rate of only 4.8%. Meanwhile, we actively conducted R&D of new products and took part in exhibitions and trade fairs to gain market recognition. In 1HFY2025, we achieved a net addition of 280 stores, and had a total number of 7,516 stores (excluding Style (格調) and Suning stores) as of the end of the reporting period, with a steadily increasing number of store openings.

For the export business, we have seen rapid recovery and growth in demands and orders during the past half year as we proactively explored 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. In particular, the sales volume in North America increased by approximately 18% during the Review Period with further growth in both gross profit margin and net profit margin. However, as certain customers have shifted from the sales model of "cost, insurance and freight" to "free-on-board", coupled with structural changes such as the increase in number of value-for-money products, the average selling price in North America has dropped by approximately 10.2%. A revenue of approximately HK\$2,153,816,000 from North America market was recorded in 1HFY2025, representing a year-on-year increase of approximately 5.7%. At the same time, our Europe and other overseas markets developed at a faster pace, with revenue of approximately HK\$732,697,000 recorded in 1HFY2025, representing a year-on-year increase of approximately 37.7%.

We continued to stick to the same dividend strategy with about 50% pay-out rate for 1HFY2025 and declared an interim dividend of HK15 cents per share. The dividend payout ratio was 51.1%.

### PROSPECTS

After years of development, the overseas presence of the Company’s production capacity is well established with stable production and supply, enabling it to effectively prevent the adverse impact of the fluctuation of the China-U.S. ties, which helps our products to gain popularity among larger number of customers. The North America market remains the main consumption market for recliners. Given the currently strong market demand, the Company continues to enjoy significant advantages for order growth. Besides, as the Europe and other export markets still have great room for development, we will leverage this opportunity to further develop overseas marketing channels and increase our share and concentration in the global market. Meanwhile, the Chinese economy has gradually shifted to the high-quality development stage, and the industry has transitioned from real estate-driven demand to a new stage that focuses on consumption for replacement of existing products. With further support from national policies and the recovery of consumption, in our persistent pursuit for quality lifestyle, we will actively promote thematic marketing campaigns such as “Trade-in Program” and “Upgrade Your Home”, seize the sales advantages of functional furniture products in the existing inventory market, with a view to gradually realizing the recovery and growth of domestic sales.

### APPRECIATION

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

**Man Wah Holdings Limited**  
**Wong Man Li**  
*Chairman*  
22 November 2024

# Management Discussion and Analysis

## MARKET REVIEW AND BUSINESS REVIEW

Over the years, we have stayed committed to our vision amidst the ever-changing market environment. We have remained dedicated to selling our smart furniture to the global market throughout the years, while facing domestic sales and export market environments that vary widely from year to year. In the first half of the year, as the Chinese consumer market continued to struggle, we adhered to prudent operation and developed our businesses by riding on the market trend. In view of the pressure on domestic sales, we endeavored to expand revenue sources and reduce expenses during the first half of the year. We conducted a comprehensive review on our operation processes to further enhance efficiency and effectively strengthened internal management to achieve better control over costs and expenses. These efforts led to a decrease in costs and expenses, and in turn a growth in both gross profit margin and net profit margin during the Review Period. Meanwhile, we proactively explored the overseas markets and secured a rapid growth in overseas shipment. The Group recorded a revenue of approximately HK\$8,305,373,000 for the Review Period, representing a year-on-year decrease of approximately 7.1%. The profit attributable to owners of the Company was approximately HK\$1,138,925,000, representing an increase of approximately 0.3% year-on-year. During the Review Period, the gross profit margin was approximately 39.5%, which grew by approximately 0.4% as compared with the corresponding period of last year, and the net profit margin was approximately 13.7%, representing an increase of approximately 1% year-on-year. Yesterday's waves have already rolled away, but new challenges lie ahead in the future. The evolving market is always the best training ground for enterprises to strive for excellence. We will develop Man Wah into a more robust and stable vessel, and navigate through the storm to a greater future.

### PRC market

The Review Period marked the toughest six months for the PRC market in the past few years, with consumer confidence tumbling further as compared to last year and the market becoming sluggish. We encountered obstacles in implementing many of our sales strategies, and it was difficult to fundamentally improve consumers' purchasing sentiment from both the price and product sides. During the Review Period, the Company recorded a sales revenue of approximately HK\$4,975,209,000 from the PRC market (excluding revenue from real estate, shopping mall property and other business), representing a decrease of approximately 17.2% from approximately HK\$6,005,321,000 for the corresponding period of last year, and a decrease of approximately 16.8% in RMB terms. During the Review Period, as the government gradually stepped up policy support, enhanced its commitment to stimulating consumption and introduced enforceable and intensive subsidy policies for the furniture industry for the first time, we believe that the demand in the furniture market will gradually pick up and recover, while the e-commerce business of the Company also demonstrated a trend of recovery and growth. It was anticipated that the domestic market would come to a turning point.

We focused on the management of same-store growth in stores this year, making store operation more refined and healthier. Based on our nationwide city store layout and the economic and consumer market situation in the current year, we focused on expanding stores in lower-tier markets and adding value-for-money series in first- and second-tier cities. As at 30 September 2024, the Group had a total of 7,516 brand specialty stores in China (excluding Style (格調) and Suning stores). During the Review Period, the Group achieved a net increase of 280 specialty store outlets.

## Management Discussion and Analysis

### Overseas markets

During the Review Period, 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 our efforts in research, development and upgrading of new products for exports. Over the past six months, we witnessed a relatively notable recovery in demand and orders from overseas markets. The sales volume in North America increased by approximately 18% during the Review Period. However, as the orders for fabric sofas increased, coupled with structural changes such as certain customers shifting from the sales model of “cost, insurance and freight” to “free-on-board”, the average selling price in North America has dropped by approximately 10.2%, without affecting gross profit margin due to the decrease in cost of goods sold. The Group’s sales revenue from the North America market amounted to approximately HK\$2,153,816,000, representing a year-on-year increase of approximately 5.7% from approximately HK\$2,037,448,000 for the last corresponding period. At the same time, our Europe and other overseas markets developed at a faster pace. During the Review Period, Europe and other overseas markets (excluding Home Group) recorded a revenue of approximately HK\$732,697,000, representing a year-on-year growth of approximately 37.7% from approximately HK\$532,044,000 for the last corresponding period. During the Review Period, the revenue of Home Group also increased by approximately 24.5% year-on-year to approximately HK\$371,313,000, which was benefited from the increase in orders from the Europe market. 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.

## FINANCIAL REVIEW

### Revenue, other income and gross profit margin

	Revenue and other income (HK\$'000)			As a percentage of revenue and other income		Gross profit margin	
	1HFY2025	1HFY2024	Change	1HFY2025	1HFY2024	1HFY2025	1HFY2024
Sofas and ancillary products	5,816,974	6,176,703	-5.8%	68.7%	67.5%	40.7%	40.0%
Bedding and ancillary products	1,208,846	1,491,422	-18.9%	14.3%	16.3%	43.0%	45.2%
Other products	835,902	906,688	-7.8%	9.9%	9.9%	25.9%	23.2%
Home Group business	371,313	298,214	24.5%	4.4%	3.3%	31.3%	28.8%
Other businesses	72,338	64,542	12.1%	0.9%	0.7%	88.0%	83.1%
Revenue	8,305,373	8,937,569	-7.1%	98.2%	97.7%	39.5%	39.1%
Other income	166,073	213,994	-22.4%	1.8%	2.3%	-	-
Revenue and other income	8,471,446	9,151,563	-7.4%	100.0%	100.0%		

For the Review Period, revenue and other income decreased by approximately 7.4% to approximately HK\$8,471,446,000 (for the six months ended 30 September 2023 (“1HFY2024”): approximately HK\$9,151,563,000). The overall gross profit margin was approximately 39.5% (approximately 39.1% for the corresponding period of last year).

During the Review Period, excluding Home Group business, the Group sold approximately 908,000 sets of sofas products (1HFY2024: approximately 882,000 sets), representing an increase of approximately 3.0% (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 approximately 9.9% and sets of sofas products for sales for export increased by approximately 22.8%.

### 1 Sofas and ancillary products

During the Review Period, revenue from the sofas and ancillary products business was approximately HK\$5,816,974,000, representing a decrease of approximately 5.8% as compared with approximately HK\$6,176,703,000 recorded in the last corresponding period, which was attributable to the combined effect of, among others, the decrease of revenue from the PRC market by approximately 15.6% from approximately HK\$3,891,414,000 in the last corresponding period to approximately HK\$3,285,505,000, and the increase of revenue from overseas markets by approximately 10.8% from approximately HK\$2,285,289,000 in the last corresponding period to approximately HK\$2,531,469,000.

### 2 Bedding and ancillary products

During the Review Period, revenue from bedding and ancillary products business was approximately HK\$1,208,846,000, representing a decrease of approximately 18.9% as compared to approximately HK\$1,491,422,000 in the last corresponding period, which was mainly attributable to the notable consumption downgrade in the PRC market.

### 3 Other products

During the Review Period, the Group's revenue from other products reached approximately HK\$835,902,000, representing a decrease of approximately 7.8% as compared with approximately HK\$906,688,000 in the last corresponding period, which was mainly attributable to the decrease in sales of metal frames and smart furniture in the PRC market.

### 4 Home Group business

During the Review Period, the Group's revenue from Home Group was approximately HK\$371,313,000, which is up by approximately 24.5% compared with approximately HK\$298,214,000 in the last corresponding period, which was mainly attributable to the increased demand in the European market.

### 5 Other businesses

During the Review Period, the Group's revenue from real estate, hotel, and lease of furniture mall and other properties was approximately HK\$72,338,000, up by approximately 12.1% compared with approximately HK\$64,542,000 in the last corresponding period, which was mainly attributable to the increase in revenue from leasing of properties.

### 6 Other income

During the Review Period, the Group's other income (as detailed under the paragraph headed "Other Income" below) amounted to approximately HK\$166,073,000, representing a decrease of approximately 22.4% from approximately HK\$213,994,000 in the last corresponding period.

## Management Discussion and Analysis

### Cost of goods sold

#### Breakdown of cost of goods sold

	1HFY2025 HK\$'000	1HFY2024 HK\$'000	Change
• Cost of raw materials	3,792,202	4,177,167	-9.2%
• Labour costs	947,013	949,353	-0.2%
• Manufacturing overhead	285,509	319,129	-10.5%
Total	5,024,724	5,445,649	-7.7%

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

Major raw materials	Average unit cost year-on- year change
Leather	-5.3%
Steel products	-8.3%
Wood	3.9%
Fabric	-1.1%
Chemicals	-11.5%
Packaging paper	-9.4%

### Other income

During the 1HFY2025, the Group's other income decreased by approximately 22.4% from approximately HK\$213,994,000 in the corresponding period last year to approximately HK\$166,073,000. The decrease was mainly due to the decrease of government subsidies and interest income.

	1HFY2025 HK\$'000	1HFY2024 HK\$'000	Change
Income from sales of scrap*	20,788	21,191	-1.9%
Government subsidies**	80,391	105,414	-23.7%
Interest income***	63,299	83,344	-24.1%
Others	1,595	4,045	-60.6%
Total	166,073	213,994	-22.4%

### Notes:

- \* Income from sales of scrap is revenue from the sales of leather scrap, cotton, wood and others generated in the normal production process of the Company's sofas and bedding products in 1HFY2025.
- \*\* Government subsidies mainly consist of financial subsidies from local governments to subsidiaries which are responsible for the sales of products and providing services in the PRC market.
- \*\*\* Interest income originates from the use of unutilized funds by the Group to invest in time deposit of major commercial banks in mainland China.

### Other losses, net

During the 1HFY2025, the net of other losses of the Group amounted to approximately HK\$109,203,000, compared with losses of approximately HK\$142,290,000 in the last corresponding period. The aforesaid losses in the Review Period were mainly attributable to the provision for credit loss for other receivables.

### Selling and distribution expenses

Selling and distribution expenses decreased by approximately 5.6% from approximately HK\$1,604,156,000 in the 1HFY2024 to approximately HK\$1,513,891,000 in the 1HFY2025. Selling and distribution expenses as a percentage of revenue increased from approximately 17.9% in the 1HFY2024 to approximately 18.2% in the 1HFY2025, including:

- (a) Offshore transportation and port charges increased by approximately 20.1% from approximately HK\$285,179,000 to approximately HK\$342,559,000. Offshore transportation and port charges as a percentage of revenue increased from approximately 3.2% to approximately 4.1%, which was mainly attributable to the increase in the relevant expenses as a result of the increasing sea freight. Domestic transportation expenses decreased by approximately 10.7% from approximately HK\$222,955,000 to approximately HK\$199,126,000. Domestic transportation expenses as a percentage of revenue decreased from approximately 2.5% in the 1HFY2024 to approximately 2.4% in the 1HFY2025;
- (b) Advertising, promotion and brand building expenses decreased by approximately 33.1% from approximately HK\$308,418,000 to approximately HK\$206,422,000. Advertising, promotion and brand building expenses as a percentage of revenue decreased from approximately 3.5% in the 1HFY2024 to approximately 2.5% in the 1HFY2025, which was mainly attributable to the decline in consumption in the PRC market, as a result of which the Group has reduced the product promotion expenses accordingly;
- (c) Salaries and welfare of sales staff increased by approximately 4.0% from approximately HK\$372,751,000 to approximately HK\$387,479,000. Salaries and welfare of sales staff as a percentage of revenue increased from approximately 4.2% in the 1HFY2024 to approximately 4.7% in the 1HFY2025;
- (d) Tariffs on goods exported to the United States decreased by approximately 82.6% from approximately HK\$38,222,000 to approximately HK\$6,651,000. Tariffs on goods exported to the United States as a percentage of revenue decreased from approximately 0.4% in the 1HFY2024 to approximately 0.1% in the 1HFY2025, 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 mainly came from the factories in Vietnam.

## Management Discussion and Analysis

### Administrative and other expenses

Administrative and other expenses decreased by approximately 30.8% from approximately HK\$450,051,000 in the 1HFY2024 to approximately HK\$311,617,000 in the 1HFY2025, and their percentage to revenue decreased from approximately 5.0% in the 1HFY2024 to approximately 3.8% in the 1HFY2025, which was mainly attributable to the out of court settlement of the litigation with a former supplier, the compensation paid in the current period and the reversal of over-provision for provision of legal case.

### Share of results of joint ventures

During the Review Period, share of profit of joint ventures was approximately HK\$454,000 (1HFY2024: approximately HK\$3,144,000).

### Finance costs

Finance costs decreased by approximately 25.6% from approximately HK\$98,266,000 in the 1HFY2024 to approximately HK\$73,114,000 in the 1HFY2025. Such costs were mainly interest expenses of loans.

### Income tax expense

Income tax expense increased by approximately 6.6% from approximately HK\$229,716,000 in the 1HFY2024 to approximately HK\$244,796,000 in the 1HFY2025. Income tax as a percentage of profit before tax increased from approximately 16.2% in the 1HFY2024 to approximately 17.0% in the 1HFY2025.

### Profit attributable to owners of the Company and net profit margin

The profit attributable to owners of the Company increased by approximately 0.3% from approximately HK\$1,136,042,000 in the 1HFY2024 to approximately HK\$1,138,925,000 in the 1HFY2025. The net profit margin of the Group was approximately 13.7% during the Review Period (approximately 12.7% in the 1HFY2024).

### Working capital

As at 30 September 2024, the Group's cash and bank balances (excluding restricted bank balances) were approximately HK\$4,283,927,000. During the Review Period, turnover of the Group's working capital was good and account receivable and inventory turnover days had been kept at a relatively low level. The Group seeks to effectively manage its cash flow and capital commitments to ensure that it has sufficient funds to meet its existing and future cash requirements. The Group has not experienced and does not expect any difficulties in fulfilling the cash requirement for its operation in the absence of any unforeseen circumstances.

## Liquidity and capital resources

As at 30 September 2024 the Group's short-term bank borrowings amounted to approximately HK\$4,614,287,000 and long-term borrowings amounted to approximately HK\$917,000. The Group's bank borrowings are denominated in HK\$ and RMB, and carry interest at fixed and variable rates. The fixed rates range from 0.64% to 3.50% (for the year ended 31 March 2024: 0.64% to 3.50%). The variable rates are subject to either: (i) the higher of Hong Kong Interbank Offered Rate plus a spread, ranging from 4.60% to 5.57% (for the year ended 31 March 2024: 5.60% to 5.94%), and best lending rate quoted by the Hong Kong and Shanghai Banking Corporation Limited plus 1%; or (ii) Euro Interbank Offered Rate plus a spread, ranging from 2.80% to 7.58% (for the year ended 31 March 2024: 2.80% to 7.58%). The weighted average effective interest rates of the above variable-rate and fixed-rate bank borrowings were 5.07% and 2.46%, respectively (for the year ended 31 March 2024: 5.78% and 2.56%, respectively) per annum.

The Group's primary source of working capital is cash flow from operating activities and bank deposits. As at 30 September 2024, the Group's current ratio was approximately 1.3 (31 March 2024: approximately 1.3). As at 30 September 2024, the Group's gearing ratio was approximately 36.1% (31 March 2024: approximately 34.0%), which is the total borrowings divided by total equity attributable to owners of the Group.

## Pledge of assets

As at 30 September 2024, except for the restricted bank balances of approximately HK\$3,290,000, the Group did not have any pledged assets.

## Capital commitments, contingent liabilities and provisions

Save as disclosed in Note 23 to the condensed consolidated interim financial information, the Group did not have any material capital commitments.

As at 30 September 2024, the Group did not have any material contingent liabilities.

As at 31 March 2024, the Group had provision for legal claims (including attorneys' fees) of US\$18,943,000 (equivalent to HK\$148,246,000) classified as current liabilities related to litigations filed by a former supplier against the Group. The recognised provision reflected 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.

Subsequently, on 6 May 2024, the Group reached an out-of-court settlement with the former supplier. Under the settlement agreement, the Group paid a compensation of US\$8,250,000 (equivalent to HK\$64,420,000) and accordingly reversed a provision of US\$10,693,000 (equivalent to HK\$83,826,000). The legal claim was fully resolved, and as of 30 September 2024, no provision for legal claims remained.

## Management Discussion and Analysis

### Foreign currency risks

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

### Significant investments and material acquisitions and disposals

The Group did not have any significant investments or material acquisitions or disposals of subsidiaries, associates or joint ventures during the 1HFY2025. The Group continues to seek opportunities to acquire furniture companies to accelerate the development of the Group.

## HUMAN RESOURCES

As at 30 September 2024, the Group had 27,246 employees (31 March 2024: 29,837 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 1HFY2025, the total staff cost for the Group amounted to approximately HK\$1,490,404,000 (1HFY2024: approximately HK\$1,479,784,000), of which approximately HK\$9,615,000 (1HFY2024: approximately HK\$7,853,000) 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 award scheme to reward employees and incentivise them to perform better.

## FUTURE PLANS

As the largest smart furniture enterprise globally, we continue to step up efforts in research and development of new products and technical innovation of core components. The Group has become the first company in the world to create recliner products which feature “close alignment with the wall and zero gravity feeling”. We continue to create comfortable and trendy smart furniture products by upgrading the “close alignment with the wall” technology in 2024. As the old saying goes “it takes ten years to grow trees, but a hundred to cultivate people”, it has taken 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 more consumers when replacing furniture. According to the survey result by Euromonitor International, the Group ranked first globally in terms of recliner sales volume for six consecutive years.

The Group’s global presence will provide us with a more robust advantage in the midst of future uncertainties. The North America market remains the major consumption market for recliners with good market demand currently, and the Company’s ongoing advantage in order growth is notable. In addition, there is still more room for development in Europe and other export markets. The Group proactively enhances efforts to expand market channels and seizes opportunities emerging in the China-to-Global wave by leveraging its advantages in global production capacity, excellent product quality and cost, with an aim to further expand its export market shares.

As compared with 2023, the penetration rate of recliner in the PRC market increased rapidly from 7.2% last year to 9.7% in the current year, and was forecasted to exceed 13% within five years according to Euromonitor International. In terms of the real estate market, with new and second-hand property transactions gradually returning to normal residential purpose, the soft furniture industry is gradually shifting to a new pattern with the existing market as core growth driver, and the smart home will become the mainstream of the market in the future. As such, the core competitive strength of enterprises is gradually shifting from a focus on marketing channels to competition of products and brands. We expect that if the domestic sales market can gradually recover from the freezing point of consumption of this year to normal consumption channel, in our persistent pursuit for quality lifestyle, the percentage of large-sum expenditures on purchasing properties will decrease while spending power of the consumers on home products to create greater sense of happiness will be enhanced. When replacing furniture, the consumers will place greater emphasis on the combination of brand, quality and price, thus functional furniture will become increasingly favoured by consumers due to the intelligent and convenient user experience. The Group’s core competitiveness in terms of product strength, coupled with its strengths in branding and channels, is gradually gaining prominence. Currently, China’s recliner and smart furniture industry is still in a development stage of low penetration rate and high growth potential. As the largest smart furniture enterprise in terms of business scale globally, the Group will leverage its advantages in product quality, brand recognition and marketing channels that it has gained over the years to first achieve a gradual recovery in the domestic sales market, and then foster continuous market share growth in the future in terms of the large-scale inventory market in China.

# Other Information

## INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK15.0 cents per share (six months ended 30 September 2023: an interim dividend of HK15.0 cents per share) payable to those shareholders of the Company (the “Shareholders”) whose names appear on the Company’s register of members on Friday, 13 December 2024.

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

- There was no purchase, sale or redemption by the Company or any of its subsidiaries of its listed securities (including sale of treasury shares, if any) during the Review Period.

## DIRECTORS’ AND CHIEF EXECUTIVES’ INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2024, 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:

### (a) Long positions in the shares, underlying shares and debentures of the Company

Name of director	Capacity	Number of issued ordinary shares held	Approximate percentage of the issued share capital of the Company <sup>1</sup>
Mr. Wong Man Li	Interest in controlled corporation	2,415,782,400 <sup>2</sup>	62.30%
	Interest of spouse	2,497,600 <sup>2</sup>	0.06%
	Beneficial owner	3,026,000	0.08%
Ms. Hui Wai Hing	Beneficial owner	2,497,600 <sup>3</sup>	0.06%
	Interest of spouse	2,418,808,400 <sup>3</sup>	62.38%
Mr. Alan Marnie	Beneficial owner	800,000 <sup>4</sup>	0.02%
Mr. Dai Quanfa	Beneficial owner	1,248,800 <sup>5</sup>	0.03%
Ms. Wong Ying Ying	Beneficial owner	2,223,200 <sup>6</sup>	0.06%
Mr. Yang Siu Shun	Beneficial owner	30,000 <sup>7</sup>	0.001%
	Interest of spouse	20,000 <sup>7</sup>	0.001%

## Notes:

1. The percentage of the Company's issued share capital is based on the 3,877,745,600 Shares issued as at 30 September 2024.
2. These 2,415,782,400 Shares are beneficially owned by Man Wah Investments Limited which, in turn, is owned by Mr. Wong Man Li and Ms. Hui Wai Hing as to 80% and 20%, respectively. Mr. Wong is therefore deemed to be interested in the entire 2,415,782,400 Shares held by Man Wah Investments Limited. Mr. Wong is a director of Man Wah Investments Limited. Mr. Wong also holds 2,910,400 Shares and 115,600 share options granted to him under the share option schemes ("Share Option Schemes") of the Company. Upon exercise of the share options, Mr. Wong will directly own an aggregate of 3,026,000 Shares. Mr. Wong is also deemed, under Part XV of the SFO, to be interested in the 2,497,600 Shares in which Ms. Hui Wai Hing, the spouse of Mr. Wong, has a long position.
3. These 2,497,600 Shares represent the 2,396,800 Shares and the 100,800 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 2,497,600 Shares. Ms. Hui is also deemed, under Part XV of the SFO, to be interested in the 2,418,808,400 Shares in which Mr. Wong Man Li, the spouse of Ms. Hui, has a long position.
4. This figure represents the aggregate number of the 800,000 Shares held by Mr. Alan Marnie.
5. This figure represents the aggregate number of 890,800 Shares held by Mr. Dai and 358,000 underlying shares upon the exercise of share options granted to Mr. Dai under the Share Option Schemes.
6. This figure represents the aggregate number of 2,091,200 Shares held by Ms. Wong and 132,000 underlying shares upon the exercise of share options granted to Ms. Wong under the Share Option Schemes.
7. 30,000 Shares are beneficially held by Mr. Yang Siu Shun and Mr. Yang is also deemed, under Part XV of the SFO, to be interested in the 20,000 Shares in which the spouse of Mr. Yang, has a long position.

## (b) Long positions in the shares of our associated corporation (as defined in the SFO)

Name of Director	Name of associated corporation	Capacity	Number of issued shares held	Approximate percentage in the associated corporation
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 2024, 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 and the section headed "Share Options", 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 2024.

### INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30 September 2024, 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:

- 
- Long positions in the shares of the Company
- 

Name	Capacity	Number of issued ordinary shares held	Approximate percentage of the issued share capital of the Company <sup>1</sup>
Man Wah Investments Limited <sup>2</sup>	Beneficial owner	2,415,782,400	62.30%

Notes:

1. The percentage of the Company's issued share capital is based on the 3,877,745,600 Shares issued as at 30 September 2024.
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 2024, the Company has not been notified of any other person (other than the Directors and chief executives of the Company) who had an interest or short position in the shares and/or underlying shares of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

## SHARE OPTIONS

The Company had adopted a share option scheme on 5 March 2010 (the “2010 Share Option Scheme”) and another share option scheme on 3 July 2020 (the “2020 Share Option Scheme”, and together with the 2010 Share Option Scheme, the “Share Option Schemes”). The 2010 Share Option Scheme has expired on 4 March 2020 and the 2020 Share Option Scheme has been terminated on 24 June 2024. Upon the expiry/termination (as the case may be) of the Share Option Schemes, no further options can be granted thereunder, but their provisions shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted thereunder which remain outstanding.

On 24 June 2024, the Company adopted a share award scheme (the “Share Award Scheme”). No awards have been granted under the Share Award Scheme from the adoption date to the end of the Review Period. Details of movements in the share options under the Share Option Schemes during the Review Period are as follows:

Grantee	Date of grant <sup>2</sup>	Vesting period	Exercisable period	Exercise price per share	Fair value per share option at the date of grant	Number of Share Options <sup>1</sup>					Outstanding at 30.9.2024
						Outstanding at 1.4.2024	Granted during the Review Period	Lapsed during the Review Period	Cancelled during the Review Period	Exercised during the Review Period	
<b>Mr. Wong Man Li</b>											
(Director)	17.1.2020	17.1.2020–16.1.2023	17.1.2023–16.1.2025	6.53	2.25	23,600	-	-	-	-	23,600
		17.1.2020–16.1.2024	17.1.2024–16.1.2026	6.53	2.50	22,800	-	-	-	-	22,800
3.2.2021	3.2.2021–2.2.2023	3.2.2023–2.2.2025	3.2.2023–2.2.2025	19.78	4.96	10,400	-	-	-	-	10,400
		3.2.2021–2.2.2024	3.2.2024–2.2.2026	19.78	4.99	10,400	-	-	-	-	10,400
		3.2.2021–2.2.2025	3.2.2025–2.2.2027	19.78	5.06	10,400	-	-	-	-	10,400
16.2.2022	16.2.2022–15.2.2024	16.2.2024–15.2.2026	16.2.2024–15.2.2026	11.1	3.90	12,800	-	-	-	-	12,800
		16.2.2022–15.2.2025	16.2.2025–15.2.2027	11.1	4.18	12,800	-	-	-	-	12,800
		16.2.2022–15.2.2026	16.2.2026–15.2.2028	11.1	4.34	12,400	-	-	-	-	12,400
<b>Ms. Hui Wai Hing</b>											
(Director)	17.1.2020	17.1.2020–16.1.2023	17.1.2023–16.1.2025	6.53	2.25	18,400	-	-	-	-	18,400
		17.1.2020–16.1.2024	17.1.2024–16.1.2026	6.53	2.50	17,600	-	-	-	-	17,600
3.2.2021	3.2.2021–2.2.2023	3.2.2023–2.2.2025	3.2.2023–2.2.2025	19.78	4.96	12,000	-	-	-	-	12,000
		3.2.2021–2.2.2024	3.2.2024–2.2.2026	19.78	4.99	12,000	-	-	-	-	12,000
		3.2.2021–2.2.2025	3.2.2025–2.2.2027	19.78	5.06	12,000	-	-	-	-	12,000
16.2.2022	16.2.2022–15.2.2024	16.2.2024–15.2.2026	16.2.2024–15.2.2026	11.1	3.90	9,600	-	-	-	-	9,600
		16.2.2022–15.2.2025	16.2.2025–15.2.2027	11.1	4.18	9,600	-	-	-	-	9,600
		16.2.2022–15.2.2026	16.2.2026–15.2.2028	11.1	4.34	9,600	-	-	-	-	9,600
<b>Mr. Dai Quanfa</b>											
(Director)	17.1.2020	17.1.2020–16.1.2024	17.1.2024–16.1.2026	6.53	2.50	39,200	-	-	-	-	39,200
		3.2.2021	3.2.2021–2.2.2023	3.2.2023–2.2.2025	19.78	4.96	17,200	-	-	-	-
3.2.2021	3.2.2021–2.2.2024	3.2.2024–2.2.2026	3.2.2024–2.2.2026	19.78	4.99	17,200	-	-	-	-	17,200
		3.2.2021–2.2.2025	3.2.2025–2.2.2027	19.78	5.06	16,400	-	-	-	-	16,400
		16.2.2022	16.2.2022–15.2.2024	16.2.2024–15.2.2026	11.1	3.90	22,800	-	-	-	-
16.2.2022	16.2.2022–15.2.2025	16.2.2025–15.2.2027	16.2.2025–15.2.2027	11.1	4.18	22,800	-	-	-	-	22,800
		16.2.2022–15.2.2026	16.2.2026–15.2.2028	11.1	4.34	22,000	-	-	-	-	22,000
		4.3.2024	4.3.2024–3.3.2026	4.3.2026–3.3.2028	5.13	1.92	66,800	-	-	-	-
4.3.2024	4.3.2024–3.3.2027	4.3.2027–3.3.2029	4.3.2027–3.3.2029	5.13	2.03	66,800	-	-	-	-	66,800
		4.3.2024–3.3.2028	4.3.2028–3.3.2030	5.13	2.07	66,800	-	-	-	-	66,800

## Other Information

Grantee	Date of grant <sup>2</sup>	Vesting period	Exercisable period	Exercise price per share	Fair value per share option at the date of grant	Number of Share Options <sup>1</sup>					Outstanding at 30.9.2024
						Outstanding at 1.4.2024	Granted during the Review Period	Lapsed during the Review Period	Cancelled during the Review Period	Exercised during the Review Period	
Ms. Wong Ying											
• Ying (Director)	28.1.2019	28.1.2019–27.1.2023	28.1.2023–27.1.2025	3.91	0.82	22,400	–	–	–	–	22,400
	17.1.2020	17.1.2020–16.1.2023	17.1.2023–16.1.2025	6.53	2.25	12,800	–	–	–	–	12,800
		17.1.2020–16.1.2024	17.1.2024–16.1.2026	6.53	2.50	12,800	–	–	–	–	12,800
	3.2.2021	3.2.2021–2.2.2023	3.2.2023–2.2.2025	19.78	4.96	2,000	–	–	–	–	2,000
		3.2.2021–2.2.2024	3.2.2024–2.2.2026	19.78	4.99	2,000	–	–	–	–	2,000
		3.2.2021–2.2.2025	3.2.2025–2.2.2027	19.78	5.06	1,200	–	–	–	–	1,200
	16.2.2022	16.2.2022–15.2.2024	16.2.2024–15.2.2026	11.1	3.90	13,600	–	–	–	–	13,600
		16.2.2022–15.2.2025	16.2.2025–15.2.2027	11.1	4.18	13,600	–	–	–	–	13,600
		16.2.2022–15.2.2026	16.2.2026–15.2.2028	11.1	4.34	13,200	–	–	–	–	13,200
	4.3.2024	4.3.2024–3.3.2026	4.3.2026–3.3.2028	5.13	1.92	12,800	–	–	–	–	12,800
		4.3.2024–3.3.2027	4.3.2027–3.3.2029	5.13	2.03	12,800	–	–	–	–	12,800
		4.3.2024–3.3.2028	4.3.2028–3.3.2030	5.13	2.07	12,800	–	–	–	–	12,800
Other employees											
(not Directors)	28.1.2019	28.1.2019–27.1.2023	28.1.2023–27.1.2025	3.91	0.82	635,200	–	(14,000)	–	(190,000)	431,200
	17.1.2020	17.1.2020–16.1.2023	17.1.2023–16.1.2025	6.53	2.25	933,200	–	(13,200)	–	(9,600)	910,400
		17.1.2020–16.1.2024	17.1.2024–16.1.2026	6.53	2.50	1,190,000	–	(22,000)	–	(8,400)	1,159,600
	3.2.2021	3.2.2021–2.2.2023	3.2.2023–2.2.2025	19.78	4.96	1,190,800	–	(20,800)	–	–	1,170,000
		3.2.2021–2.2.2024	3.2.2024–2.2.2026	19.78	4.99	1,149,200	–	(18,800)	–	–	1,130,400
		3.2.2021–2.2.2025	3.2.2025–2.2.2027	19.78	5.06	947,600	–	(12,000)	–	–	935,600
	16.2.2022	16.2.2022–15.2.2024	16.2.2024–15.2.2026	11.1	3.90	1,951,600	–	(46,000)	–	–	1,905,600
		16.2.2022–15.2.2025	16.2.2025–15.2.2027	11.1	4.18	1,908,800	–	(42,000)	–	–	1,866,800
		16.2.2022–15.2.2026	16.2.2026–15.2.2028	11.1	4.34	1,560,400	–	(23,600)	–	–	1,536,800
	4.3.2024	4.3.2024–3.3.2026	4.3.2026–3.3.2028	5.13	1.92	1,834,000	–	(37,600)	–	–	1,796,400
		4.3.2024–3.3.2027	4.3.2027–3.3.2029	5.13	2.03	1,826,800	–	(37,200)	–	–	1,789,600
		4.3.2024–3.3.2028	4.3.2028–3.3.2030	5.13	2.07	1,740,000	–	(32,800)	–	–	1,707,200
						<u>17,574,000</u>	<u>–</u>	<u>(320,000)</u>	<u>–</u>	<u>(208,000)</u>	<u>17,046,000</u>
Exercisable options	Before 30 September 2024										<u>7,018,800</u>

Notes:

1. Number of Shares in the Company over which options granted under the 2010 Share Option Scheme and the 2020 Share Option Scheme are exercisable.
2. Share options under each grant are subject to the restrictions that up to 50% and 100% of the total options granted will be exercisable during the period of 18th and 60th months respectively from the date of acceptance of the grant of options by the relevant grantees.
3. The weighted average closing price immediately before the dates on which the options were exercised was HK\$5.42.
4. The 2010 Share Option Scheme has expired on 4 March 2020. The 2020 Share Option Scheme was adopted by the Company on 3 July 2020 and terminated on 24 June 2024. The total number of options available for grant under the scheme mandate of the 2020 Share Option Scheme as at 1 April 2024 and 30 September 2024 were 365,266,520 and nil, respectively.
5. The Company adopted the Share Award Scheme on 24 June 2024. The number of awards available for grant under the scheme mandate of the Share Award Scheme as at 30 September 2024 was 387,753,760.

## AUDIT COMMITTEE

The Audit Committee currently comprises all four independent non-executive Directors, namely Mr. Chau Shing Yim, David (Chairman), Mr. Ding Yuan, Mr. Kan Chung Nin, Tony and Mr. Yang Siu Shun.

The Company has engaged Messrs. PricewaterhouseCoopers, the auditor of the Company (“Auditor”) to assist the Audit Committee to review the interim financial information of the Group for the six months ended 30 September 2024. The interim financial information of the Group for the six months ended 30 September 2024 has been reviewed by the Auditor in accordance with International Standard on Review Engagement 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. The interim financial information of the Group for the six months ended 30 September 2024 has also been reviewed by the Audit Committee.

## EVENTS AFTER THE REPORTING PERIOD

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

## CLOSURE OF REGISTER OF MEMBERS

Shareholders whose names appear on the Company’s register of members on Friday, 13 December 2024, will be eligible for the interim dividend. The transfer books and the register of members of the Company will be closed from Thursday, 12 December 2024 to Friday, 13 December 2024, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited of Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 11 December 2024. The interim dividend is expected to be payable on or before Wednesday, 8 January 2025 to the Shareholders whose names appear on the register of members of the Company on Friday, 13 December 2024.

### CHANGE IN DIRECTORS' INFORMATION

Mr. Chau Shing Yim, David resigned as an independent non-executive director of China Evergrande Group, a company listed on the Main Board of the Stock Exchange (Stock Code: 3333), in May 2024, and resigned as an independent non-executive director of China Evergrande New Energy Vehicle Group Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 708), in October 2024.

- Mr. Kan Chung Nin, Tony resigned as a vice chairman of the board of directors of DBG Technology Co. Ltd, a company listed on the Shenzhen Stock Exchange (Stock Code: 300735), in April 2024.

- Mr. Yang Siu Shun ceased to act as an independent non-executive director of Industrial and Commercial Bank of China Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 1398), upon expiration of his term of office in August 2024, and ceased to act as an independent non-executive director of Xinyi Glass Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 868), upon expiration of his term of office in May 2024.

Saved as disclosed above, there is no other information required to be disclosed under Rule 13.51B(1) of the Listing Rules.

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30 September 2024, the Company has applied the principles of, and complied with, the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to 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 should be separate and should not be performed by the same individual. Currently, Mr. Wong Man Li is the chief executive officer of the Company. Mr. Wong Man Li, who also acts as the Chairman and Managing Director of the Company, has been responsible for overseeing the general operations of the Group. The Board meets regularly to consider major matters concerning the operations of the Group. The Board considers that this structure had not impaired the balance of power and authority between the Board and the management of the Company as all major decisions have been made in consultation with the Board and appropriate Board committees, as well as management. The roles of the respective executive directors and senior management who are in charge of different functions complement the role of the chairman and chief executive officer. In addition, there are four independent non-executive Directors on the Board offering their experience, expertise, independent advice and views from different perspectives. The Board is therefore of the view that there were adequate balance of power and safeguards in place. The Board believes that this structure had allowed the Group to operate efficiently. The Board will continue to review the current structure from time to time and shall make necessary changes when appropriate and inform the shareholders accordingly.

## COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 to 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 2024.

By order of the Board  
**Man Wah Holdings Limited**  
**Wong Man Li**  
*Chairman*

Hong Kong, 22 November 2024

# Report on Review of Interim Financial Information



羅兵咸永道

**To the Board of Directors of Man Wah Holdings Limited**

*(incorporated in Bermuda with limited liability)*

## INTRODUCTION

We have reviewed the interim financial information set out on pages 23 to 52, 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 2024 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 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.

## SCOPE OF REVIEW

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.

## CONCLUSION

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”.

**PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 22 November 2024

# Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 September 2024

	Note	Six months ended	
		2024	2023
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue and other income		<u>8,471,446</u>	<u>9,151,563</u>
Revenue	6	8,305,373	8,937,569
Cost of goods sold		<u>(5,024,724)</u>	<u>(5,445,649)</u>
<b>Gross profit</b>		<b>3,280,649</b>	<b>3,491,920</b>
Other income	7	166,073	213,994
Other losses, net	8	(109,203)	(142,290)
Selling and distribution expenses		(1,513,891)	(1,604,156)
Administrative and other expenses		<u>(311,617)</u>	<u>(450,051)</u>
<b>Operating profit</b>	9	<b>1,512,011</b>	<b>1,509,417</b>
Finance costs	10	(73,114)	(98,266)
Share of results of joint ventures		<u>454</u>	<u>3,144</u>
<b>Profit before income tax</b>		<b>1,439,351</b>	<b>1,414,295</b>
Income tax expense	11	<u>(244,796)</u>	<u>(229,716)</u>
<b>Profit for the period</b>		<b><u>1,194,555</u></b>	<b><u>1,184,579</u></b>
<b>Other comprehensive income/(loss):</b>			
<i>Item that may be reclassified to profit or loss</i>			
Currency translation differences		<u>147,124</u>	<u>(765,704)</u>
<b>Other comprehensive income/(loss) for the period</b>		<u>147,124</u>	<u>(765,704)</u>
<b>Total comprehensive income for the period</b>		<b><u>1,341,679</u></b>	<b><u>418,875</u></b>

## Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 September 2024

	Note	Six months ended	
		2024	2023
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
<b>Profit for the period attributable to:</b>			
• Owners of the Company		1,138,925	1,136,042
• Non-controlling interests		55,630	48,537
		<u>1,194,555</u>	<u>1,184,579</u>
<b>Total comprehensive income for the period attributable to:</b>			
Owners of the Company		1,271,343	417,020
Non-controlling interests		70,336	1,855
		<u>1,341,679</u>	<u>418,875</u>
<b>Earnings per share attributable to owners of the Company</b>			
– Basic (HK cents per share)	12	29.37	29.05
– Diluted (HK cents per share)	12	29.37	29.04

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

# Condensed Consolidated Interim Statement of Financial Position

As at 30 September 2024

		30 September 2024	31 March 2024
	Note	HK\$'000 (Unaudited)	HK\$'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	7,423,079	7,227,927
Investment properties		784,268	442,044
Right-of-use assets		2,743,763	2,548,190
Goodwill	15	783,975	767,394
Other intangible assets	15	143,572	171,517
Interests in joint ventures		23,818	22,695
Financial assets at fair value through profit or loss		1,775	1,725
Deferred tax assets		7,366	8,132
Deposit paid for a land lease	16	–	310,868
Prepayments and deposits paid for acquisition of property, plant and equipment		205,081	202,417
<b>Total non-current assets</b>		<b>12,116,697</b>	<b>11,702,909</b>
<b>Current assets</b>			
Inventories		1,471,799	1,553,474
Properties held for sale		133,507	135,907
Properties under development		163,045	158,443
Trade receivables and bills receivable	16	1,896,227	1,746,892
Other receivables and prepayments	16	856,298	981,488
Financial assets at fair value through profit or loss		107,746	246,430
Tax recoverable		1,780	4,361
Restricted bank balances	17	3,290	3,786
Cash and bank balances	17	4,283,927	3,273,830
<b>Total current assets</b>		<b>8,917,619</b>	<b>8,104,611</b>
<b>Total assets</b>		<b>21,034,316</b>	<b>19,807,520</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	21	1,551,098	1,551,015
Reserves		11,226,856	10,532,371
		12,777,954	12,083,386
<b>Non-controlling interests</b>		<b>994,790</b>	<b>992,283</b>
<b>Total equity</b>		<b>13,772,744</b>	<b>13,075,669</b>

## Condensed Consolidated Interim Statement of Financial Position

As at 30 September 2024

		<b>30 September 2024</b>	31 March 2024
	Note	<b>HK\$'000</b>	HK\$'000
		<b>(Unaudited)</b>	(Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
• Lease liabilities		134,943	158,666
• Bank borrowings, non-current portion	20	917	1,015
• Deferred tax liabilities		141,765	143,267
• Other non-current liabilities		1,271	1,268
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>278,896</b>	304,216
<b>Current liabilities</b>			
Trade payables and bills payable	18	811,624	710,214
Other payables and accruals	18	876,631	1,090,960
Lease liabilities		50,694	52,520
Contract liabilities	19	375,201	274,813
Bank borrowings, current portion	20	4,614,287	4,113,203
Tax payable		254,239	185,925
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>6,982,676</b>	6,427,635
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>7,261,572</b>	6,731,851
		<hr/>	<hr/>
<b>Total equity and liabilities</b>		<b>21,034,316</b>	19,807,520
		<hr/>	<hr/>

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

# Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 September 2024

	Attributable to owners of the Company										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 earnings HK\$'000		Sub-total HK\$'000	Non- controlling interests HK\$'000
<b>Balance at 1 April 2024 (Audited)</b>	1,551,015	1,785,002	(16,132)	(113,194)	1,045,543	(1,381,978)	37,099	(448)	45,968	9,130,511	12,083,386	992,283	13,075,669
<b>Comprehensive income</b>	-	-	-	-	-	-	-	-	-	1,138,925	1,138,925	55,630	1,194,555
Profit for the period	-	-	-	-	-	-	-	-	-	1,138,925	1,138,925	55,630	1,194,555
<b>Other comprehensive loss</b>	-	-	-	-	-	132,418	-	-	-	-	132,418	14,706	147,124
Currency translation differences	-	-	-	-	-	132,418	-	-	-	-	132,418	14,706	147,124
<b>Total comprehensive income</b>	-	-	-	-	-	132,418	-	-	-	1,138,925	1,271,343	70,336	1,341,679
<b>Transactions with owners</b>	-	-	-	-	-	-	-	-	4,028	-	4,028	19,790	19,790
Capital contribution by non-controlling equity holders of subsidiaries	-	-	-	-	-	-	-	-	4,028	-	4,028	19,790	19,790
Recognition of equity-settled share-based payments	-	-	-	-	-	-	-	-	4,028	-	4,028	-	4,028
Issue of shares upon exercise of share options	83	970	-	-	-	-	-	-	(194)	-	859	-	859
Transfer to PRC statutory reserves	-	-	-	-	49,259	-	-	-	-	(49,259)	-	-	-
Dividends paid to equity holders of the Company (Note 13)	-	-	-	-	-	-	-	-	-	(581,662)	(581,662)	-	(581,662)
Dividends paid to non-controlling equity holders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(87,619)	(87,619)
<b>Total transactions with owners</b>	83	970	-	-	49,259	-	-	-	3,834	(630,921)	(576,775)	(67,829)	(644,604)
<b>Balance at 30 September 2024 (Unaudited)</b>	1,551,098	1,785,972	(16,132)	(113,194)	1,094,802	(1,249,560)	37,099	(448)	49,802	9,638,515	12,777,954	994,790	13,772,744

# Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 September 2024

	Attributable to owners of the Company										Total HK\$'000		
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000 (Note (i))	Other reserve HK\$'000 (Note (iii))	Statutory reserve HK\$'000 (Note (iii))	Translation reserve HK\$'000	Revaluation surplus HK\$'000	Shares held under share award scheme HK\$'000	Share option reserve HK\$'000	Retained earnings HK\$'000		Sub-total HK\$'000	Non- controlling interests HK\$'000
<b>Balance at 1 April 2023 (Audited)</b>	1,568,380	1,989,259	(16,132)	(113,194)	990,496	(799,940)	37,099	(448)	41,389	7,859,868	11,556,777	970,993	12,527,770
<b>Comprehensive income</b>													
Profit for the period	-	-	-	-	-	-	-	-	-	1,136,042	1,136,042	48,537	1,184,579
<b>Other comprehensive loss</b>													
Currency translation differences	-	-	-	-	-	(719,022)	-	-	-	-	(719,022)	(46,682)	(765,704)
<b>Total comprehensive income/(loss)</b>													
	-	-	-	-	-	(719,022)	-	-	-	1,136,042	417,020	1,855	418,875
<b>Transactions with owners</b>													
Repurchase of shares (Note 21)	(6,000)	(74,912)	-	-	-	-	-	-	-	-	(80,912)	-	(80,912)
Capital contribution by non-controlling equity holders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	2,086	2,086
Recognition of equity-settled share-based payments	-	-	-	-	-	-	-	-	4,259	-	4,259	-	4,259
Issue of shares upon exercise of share options	301	4,180	-	-	-	-	-	-	(917)	-	3,564	-	3,564
Dividends paid to equity holders of the Company (Note 13)	-	-	-	-	-	-	-	-	-	(390,669)	(390,669)	-	(390,669)
Dividends paid to non-controlling equity holders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(10,453)	(10,453)
<b>Total transactions with owners</b>													
	(5,699)	(70,732)	-	-	-	-	-	-	3,342	(390,669)	(463,758)	(8,367)	(472,125)
<b>Balance at 30 September 2023 (Unaudited)</b>	1,562,681	1,918,527	(16,132)	(113,194)	990,496	(1,518,962)	37,099	(448)	44,731	8,605,241	11,510,039	964,481	12,474,520

## Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 September 2024

### 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.

# Condensed Consolidated Interim Statement of Cash Flows

For the six months ended 30 September 2024

	Note	Six months ended	
		2024	2023
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
<b>Cash flows from operating activities</b>			
• Cash generated from operations		1,856,341	1,626,347
• Interest paid		(40,994)	(97,666)
• Interest received		51,660	78,726
• Income tax paid, net		(282,552)	(206,413)
<b>Net cash generated from operating activities</b>		<b>1,584,455</b>	<b>1,400,994</b>
<b>Cash flows from investing activities</b>			
Payments for acquisition of property, plant and equipment		(367,624)	(680,957)
Withdrawal of restricted bank balances		–	7,233
Purchase of other intangible assets		(3,571)	(8,928)
Purchase of leasehold land		(186,814)	(62,676)
Proceeds from disposal of structured deposits		–	1,056
Proceeds from disposal of property, plant and equipment		12,095	38,124
Placements of short term bank deposits		(1,270,752)	(341,019)
Withdrawal of short term bank deposits		2,622	4,494
<b>Net cash used in investing activities</b>		<b>(1,814,044)</b>	<b>(1,042,673)</b>
<b>Cash flows from financing activities</b>			
Dividends paid to equity holders of the Company	13	(581,662)	(390,669)
Dividends paid to non-controlling equity holders of subsidiaries		(87,619)	(10,453)
Proceeds on disposal of financial assets at fair value through profit or loss		131,509	109
Repurchase of shares		–	(80,912)
Repayment of borrowings		(1,159,057)	(691,816)
New borrowings raised		1,591,460	1,277,775
Proceeds from issue of shares upon exercise of share options		859	3,564
Capital contribution from non-controlling equity holders of subsidiaries		19,790	2,086
Principal elements of lease payments		(30,422)	(39,572)
<b>Net cash (used in)/generated from financing activities</b>		<b>(115,142)</b>	<b>70,112</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(344,731)</b>	<b>428,433</b>
Cash and cash equivalents at beginning of the period		3,162,922	3,619,378
Effect of foreign exchange rate changes		84,005	(188,963)
<b>Cash and cash equivalents at end of the period</b>		<b>2,902,196</b>	<b>3,858,848</b>

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

# Notes to the Condensed Consolidated Interim Financial Information

## 1 GENERAL INFORMATION

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

The Company is a limited liability company incorporated in Bermuda under the Companies Act 1981 of Bermuda (as amended) and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) (Stock Code: 01999). The address of its registered office is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, 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 22 November 2024.

The condensed consolidated interim financial information has not been audited.

## 2 BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 September 2024 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 2024, which have been prepared in accordance with IFRS Accounting Standards.

## 3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2024, as described in those annual financial statements.

### (a) Adoption of amendments to standards

The Group has adopted the following amendments to standards which are relevant to the Group’s operations and are mandatory for the financial year beginning on 1 April 2024.

IAS 1 (Amendments)	Classification of Liabilities as Current or Non-current
IAS 1 (Amendments)	Non-current Liabilities with Covenants
IFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback
IAS 7 and IFRS 7 (Amendments)	Supplier Finance Arrangements

### 3 ACCOUNTING POLICIES – continued

#### (a) Adoption of amendments to standards – continued

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

#### (b) New standards and amendments to standards which are not yet effective

The following are new standards and amendments to standards that have been published and are mandatory for the Group's accounting periods beginning on or after 1 April 2025 or later periods, but have not been early adopted by the Group.

IAS 21 (Amendments)	Lack of Exchangeability <sup>(1)</sup>
Annual improvements project	Annual Improvements to IFRS Accounting Standards <sup>(1)</sup>
IFRS 9 and IFRS 7 (Amendments)	Classification and Measurement of Financial Instruments <sup>(2)</sup>
IFRS 18	Presentation and Disclosure in Financial Statements <sup>(3)</sup>
IFRS 19	Subsidiaries without Public Accountability: Disclosures <sup>(3)</sup>
IFRS 10 and IAS 28 (Amendments)	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>(4)</sup>

<sup>(1)</sup> Effective for the accounting period beginning on 1 April 2025

<sup>(2)</sup> Effective for the accounting period beginning on 1 April 2026

<sup>(3)</sup> Effective for the accounting period beginning on 1 April 2027

<sup>(4)</sup> Effective date to be determined

The Group will apply the above new standards, amendments to standards and annual improvements when they become effective. The Group is in the process of making an assessment of the impact of the above new standards, amendments to standards and annual improvements and does not expect that the adoption of these new standards, amendments to standards and annual improvements will result in any material impact on the Group's results and financial position.

### 4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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 2024.

## 5 FINANCIAL RISK MANAGEMENT

### 5.1 Financial risk factors

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 2024. There have been no significant changes in the risk management policies since 31 March 2024.

### 5.2 Fair value estimation

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 2024 and 31 March 2024 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 2024 and 31 March 2024, there are certain investments properties measured at fair value using market approach and income approach.

## 6 SEGMENT INFORMATION

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

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

The sofas and ancillary products segment includes a number of sales operation in various locations, each of which is considered as a separate operating segment by the executive directors. For segment reporting, these individual operating segments have been aggregated into a single reportable segment in order to present a more systematic and structured segment information on the performance of different type of products.

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

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the profit before income tax earned by each segment without allocation of other income, share of results of joint ventures, net exchange gain/losses, finance costs, losses from changes in fair value of financial assets at FVPL, provision for impairment of goodwill, provision for impairment of intangible assets and unallocated expenses.

## 6 SEGMENT INFORMATION – continued

### Segment revenues and results

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

For the six months ended 30 September 2024 (Unaudited)

	Sofas and ancillary products HK\$'000	Bedding and ancillary products HK\$'000	Home Group business HK\$'000	Other products HK\$'000	Other business HK\$'000	Total HK\$'000
<b>Revenue</b>						
External sales	<u>5,816,974</u>	<u>1,208,846</u>	<u>371,313</u>	<u>835,902</u>	<u>72,338</u>	<u>8,305,373</u>
<b>Results</b>						
Segment results	<u>1,187,298</u>	<u>252,847</u>	<u>10,773</u>	<u>75,705</u>	<u>23,166</u>	<u>1,549,789</u>
Other income						166,073
Share of results of joint ventures						454
Exchange losses, net						(3,728)
Finance costs						(73,114)
Loss from change in fair value of financial assets at FVPL						(24,948)
Provision for impairment of intangible assets						(12,812)
Unallocated expenses						<u>(162,363)</u>
Profit before income tax						<u>1,439,351</u>

## 6 SEGMENT INFORMATION – continued

### Segment revenues and results – continued

For the six months ended 30 September 2023 (Unaudited)

	Sofas and ancillary products HK\$'000	Bedding and ancillary products HK\$'000	Home Group business HK\$'000	Other products HK\$'000	Other business HK\$'000	Total HK\$'000
<b>Revenue</b>						
External sales	<u>6,176,703</u>	<u>1,491,422</u>	<u>298,214</u>	<u>906,688</u>	<u>64,542</u>	<u>8,937,569</u>
<b>Results</b>						
Segment results	<u>1,154,220</u>	<u>373,919</u>	<u>1,090</u>	<u>67,855</u>	<u>18,601</u>	1,615,685
Other income						213,994
Share of results of joint ventures						3,144
Exchange gains, net						9,471
Finance costs						(98,266)
Loss from change in fair value of financial assets at FVPL						(97,998)
Provision for impairment of goodwill						(12,217)
Unallocated expenses						<u>(219,518)</u>
Profit before income tax						<u>1,414,295</u>

### Geographical information

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

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
PRC (including Hong Kong and Macau)	<u>5,047,547</u>	6,069,863
North America	<u>2,153,816</u>	2,037,448
Europe	<u>761,361</u>	548,199
Others (Note)	<u>342,649</u>	282,059
	<u>8,305,373</u>	<u>8,937,569</u>

## 6 SEGMENT INFORMATION – continued

### Geographical information – continued

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

During the period, none of the Group's customers individually contributed more than 10% of the Group's revenue (for the period ended 30 September 2023: none).

### Disaggregation of revenue from contracts with customers

For the six months ended 30 September 2024 (Unaudited)

Segments	Sofas and ancillary products HK\$'000	Bedding and ancillary products HK\$'000	Home Group business HK\$'000	Other products HK\$'000	Other business HK\$'000	Total HK\$'000
<b>Types of goods or service</b>						
Manufacture and distribution of goods recognised at a point in time						
Sofas and ancillary products	5,816,974	–	371,313	–	–	6,188,287
Bedding and ancillary products	–	1,208,846	–	–	–	1,208,846
Customization and chair	–	–	–	32,049	–	32,049
Metal frame and smart furniture spare parts	–	–	–	803,853	–	803,853
Residential properties	–	–	–	–	12,245	12,245
	<u>5,816,974</u>	<u>1,208,846</u>	<u>371,313</u>	<u>835,902</u>	<u>12,245</u>	<u>8,245,280</u>
Service income – recognised over time	–	–	–	–	60,093	60,093
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>60,093</u>	<u>60,093</u>
<b>Total</b>	<u><b>5,816,974</b></u>	<u><b>1,208,846</b></u>	<u><b>371,313</b></u>	<u><b>835,902</b></u>	<u><b>72,338</b></u>	<u><b>8,305,373</b></u>
<b>Geographical markets</b>						
PRC (including Hong Kong and Macau)	3,285,505	1,208,846	–	480,858	72,338	5,047,547
North America	2,021,392	–	–	132,424	–	2,153,816
Europe	235,737	–	371,313	154,311	–	761,361
Others	274,340	–	–	68,309	–	342,649
	<u>5,816,974</u>	<u>1,208,846</u>	<u>371,313</u>	<u>835,902</u>	<u>72,338</u>	<u>8,305,373</u>

## 6 SEGMENT INFORMATION – continued

### Disaggregation of revenue from contracts with customers – continued

For the six months ended 30 September 2023 (Unaudited)

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

## 7 OTHER INCOME

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Income from sales of scrap	20,788	21,191
Interest income	63,299	83,344
Government subsidies	80,391	105,414
Others	1,595	4,045
	<u>166,073</u>	<u>213,994</u>

## 8 OTHER LOSSES, NET

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Exchange (losses)/gains, net	(3,728)	9,471
Loss on disposal of property, plant and equipment	(3,208)	(6,321)
Provision for credit loss for trade receivables	(23,265)	(35,154)
Provision for credit loss for other receivables	(41,463)	–
Loss from changes in fair value of financial assets at FVPL	(24,948)	(97,998)
Impairment loss for goodwill	–	(12,217)
Impairment loss for intangible assets	(12,812)	–
Others	221	(71)
	<u>(109,203)</u>	<u>(142,290)</u>

## 9 EXPENSES BY NATURE

The following items have been charged/(credited) to the operating profit during the period:

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of inventories	3,644,798	4,292,392
Amortisation of intangible assets	23,234	23,588
Depreciation of property, plant and equipment	212,057	233,579
Depreciation of right-of-use assets	37,455	43,334
Employee benefit expenses (including directors' emoluments)	1,490,404	1,479,784
(Reversal of)/provision for impairment of inventories	(4,850)	1,309
(Reversal of)/provision for legal claim (Note 18)	(83,826)	64,083
Legal and professional fee	29,954	26,267

## 10 FINANCE COSTS

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank borrowings	68,707	93,304
Interest on lease liabilities	4,359	4,708
Others	48	254
	73,114	98,266

## 11 INCOME TAX EXPENSE

	Six months ended 30 September 2024	
	HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Current income tax:		
PRC Corporate Income Tax ("PRC CIT")	131,484	146,153
PRC Withholding Income Tax	36,474	43,868
PRC Land Appreciation Tax ("PRC LAT")	425	485
U.S. Federal and State Corporate Income Taxes ("U.S. CIT")	1,286	799
Macau Complementary Tax	23,283	19,525
Hong Kong Profits Tax	41,152	2,004
Others	12,320	6,714
Deferred tax (credit)/expense	(1,678)	12,077
Under/(over) provision in prior years	50	(1,909)
	<b>244,796</b>	<b>229,716</b>

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods, except for a PRC subsidiary of the Company, carrying out business in the western region of the PRC, which is eligible for preferential tax rate of 15% (six months ended 30 September 2023: 15%) and a PRC subsidiary of the Company, carrying out business in Xinjiang in PRC, which is eligible for preferential tax rate of 0%.

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

The U.S. CIT charge comprises federal income tax calculated at 21% (six months ended 30 September 2023: 21%) and state income tax calculated from 0% to 9% (six months ended 30 September 2023: 0% to 9%) on the estimated assessable profits of the subsidiary of the Company which was incorporated in the U.S..

The Group's Macau subsidiaries are subject to Macau Complementary Tax at a rate of 12% (six months ended 30 September 2023: 12%) on the assessable income.

The Group's Hong Kong subsidiaries are subject to Hong Kong Profits Tax at a rate of 16.5% (six months ended 30 September 2023: 16.5%) on the assessable income.

The Group is within the scope of the Organisation for Economic Co-operation and Development ("OECD") Pillar Two model rules which will come into effect from 1 January 2024. Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

Due to the complexities in applying the legislation and calculating Global Anti-Base Erosion income, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable. The Group is currently engaged with tax specialists to assist them with applying the legislation.

## 12 EARNINGS PER SHARE

Earnings per share is computed as follows:

	Six months ended 30 September	
	2024	2023
	(Unaudited)	(Unaudited)
<b>Basic</b>		
Profit attributable to owners of the Company for the period (HK\$'000)	<u>1,138,925</u>	<u>1,136,042</u>
Weighted average outstanding ordinary shares, in thousands	<u>3,877,644</u>	<u>3,910,524</u>
Basic earnings per share for the period, in HK cents	<u>29.37</u>	<u>29.05</u>
<b>Diluted</b>		
Profit attributable to owners of the Company for the period (HK\$'000)	<u>1,138,925</u>	<u>1,136,042</u>
Weighted average outstanding ordinary shares, in thousands	<u>3,877,644</u>	<u>3,910,524</u>
Effect of dilutive potential ordinary shares on exercise of share options	<u>345</u>	<u>578</u>
Weighted average outstanding ordinary shares after assuming dilution, in thousands	<u>3,877,989</u>	<u>3,911,102</u>
Diluted earnings per share for the period, in HK cents	<u>29.37</u>	<u>29.04</u>

## 13 DIVIDENDS

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

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Final dividend for the year ended 31 March 2024 of HK\$0.15 (2023: HK\$0.10 final dividend for the year ended 31 March 2023) per share	<u>581,662</u>	<u>390,669</u>

Subsequent to the end of the current interim period, the directors of the Company have determined that an interim dividend for the six months ended 30 September 2024 of HK\$0.15 per share (the six months ended 30 September 2023: an interim dividend of HK\$0.15 per share) will be paid to the shareholders of the Company whose names appear in the Company's register of members on Friday, 13 December 2024.

## 14 PROPERTY, PLANT AND EQUIPMENT

	HK\$'000
<b>As at 31 March 2024 (Audited)</b>	
Cost	9,886,666
Accumulated depreciation	<u>(2,658,739)</u>
Net book amount	<u><u>7,227,927</u></u>
<b>For the period ended 30 September 2024</b>	
Opening net book amount	7,227,927
Exchange adjustments	30,870
Additions	391,642
Disposals	(15,303)
Depreciation	<u>(212,057)</u>
Closing net book amount	<u><u>7,423,079</u></u>
<b>As at 30 September 2024 (Unaudited)</b>	
Cost	10,306,932
Accumulated depreciation	<u>(2,883,853)</u>
Net book amount	<u><u>7,423,079</u></u>
<b>As at 31 March 2023 (Audited)</b>	
Cost	9,179,279
Accumulated depreciation	<u>(2,435,947)</u>
Net book amount	<u><u>6,743,332</u></u>
<b>For the period ended 30 September 2023</b>	
Opening net book amount	6,743,332
Exchange adjustments	(277,065)
Additions	669,877
Disposals	(44,429)
Depreciation	<u>(233,579)</u>
Closing net book amount	<u><u>6,858,136</u></u>
<b>As at 30 September 2023 (Unaudited)</b>	
Cost	9,321,314
Accumulated depreciation	<u>(2,463,178)</u>
Net book amount	<u><u>6,858,136</u></u>

## 15 GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill HK\$'000	Other intangible assets HK\$'000	Total HK\$'000
<b>As at 31 March 2024 (Audited)</b>			
Cost	917,157	438,326	1,355,483
Accumulated impairment	(149,763)	(125)	(149,888)
Accumulated amortisation	–	(266,684)	(266,684)
Net book amount	<u>767,394</u>	<u>171,517</u>	<u>938,911</u>
<b>For the period ended 30 September 2024</b>			
Opening net book amount	767,394	171,517	938,911
Exchange adjustments	16,581	4,530	21,111
Additions	–	3,571	3,571
Impairment	–	(12,812)	(12,812)
Amortisation	–	(23,234)	(23,234)
Closing net book amount	<u>783,975</u>	<u>143,572</u>	<u>927,547</u>
<b>As at 30 September 2024 (Unaudited)</b>			
Cost	933,738	454,471	1,388,209
Accumulated impairment	(149,763)	(12,937)	(162,700)
Accumulated amortisation	–	(297,962)	(297,962)
Net book amount	<u>783,975</u>	<u>143,572</u>	<u>927,547</u>
<b>As at 31 March 2023 (Audited)</b>			
Cost	953,131	442,440	1,395,571
Accumulated impairment	(136,957)	(125)	(137,082)
Accumulated amortisation	–	(226,401)	(226,401)
Net book amount	<u>816,174</u>	<u>215,914</u>	<u>1,032,088</u>
<b>For the period ended 30 September 2023</b>			
Opening net book amount	816,174	215,914	1,032,088
Exchange adjustments	(40,767)	(10,175)	(50,942)
Additions	–	8,928	8,928
Impairment	(12,217)	–	(12,217)
Amortisation	–	(23,588)	(23,588)
Closing net book amount	<u>763,190</u>	<u>191,079</u>	<u>954,269</u>
<b>As at 30 September 2023 (Unaudited)</b>			
Cost	912,953	430,815	1,343,768
Accumulated impairment	(149,763)	(125)	(149,888)
Accumulated amortisation	–	(239,611)	(239,611)
Net book amount	<u>763,190</u>	<u>191,079</u>	<u>954,269</u>

## 16 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Trade receivables and bills receivable	1,924,958	1,754,171
Less: provision for credit loss for trade receivables and bills receivable	(28,731)	(7,279)
Trade receivables and bills receivable, net	<u>1,896,227</u>	<u>1,746,892</u>
<b>Other receivables and prepayments</b>		
Deposit paid for a land lease	–	310,868
Prepayments and deposits paid for acquisition of property, plant and equipment	205,081	202,417
Valued added taxes recoverable	259,825	305,944
Prepayments to suppliers	209,243	269,538
Loan receivables	262,448	254,584
Sundry receivables	161,527	151,318
Other deposits	25,475	30,228
Less: provision for impairment of other receivables	(62,220)	(30,124)
	<u>1,061,379</u>	<u>1,494,773</u>

As at 30 September 2024, total bills receivable amounted to HK\$37,000,000 (31 March 2024: HK\$38,564,000). All bills receivable by the Group are with a maturity period of less than six months.

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

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
0 – 90 days	1,715,737	1,653,251
91 – 180 days	137,026	73,783
Over 180 days	43,464	19,858
	<u>1,896,227</u>	<u>1,746,892</u>

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

## 17 RESTRICTED BANK BALANCES AND CASH AND BANK BALANCES

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
<b>Restricted bank balances</b>	<b>3,290</b>	<b>3,786</b>
<b>Cash and bank balances</b>		
Short term bank deposits	1,381,731	110,908
Cash and cash equivalents	2,902,196	3,162,922
	<b>4,283,927</b>	<b>3,273,830</b>

## 18 TRADE AND OTHER PAYABLES AND ACCRUALS

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
<b>Trade payables and bills payable</b>	<b>811,624</b>	<b>710,214</b>
<b>Other payables and accruals</b>		
Accruals	581,044	537,578
Payables for acquisition of property, plant and equipment	121,550	77,702
Provision for legal claim (Note (i))	–	148,246
Other payables	174,037	327,434
	<b>876,631</b>	<b>1,090,960</b>

Note:

- (i) As at 31 March 2024, the Group had provision for legal claims (including attorneys' fees) of US\$18,943,000 (equivalent to HK\$148,246,000) classified as current liabilities related to litigations filed by a former supplier against the Group. The recognised provision reflected 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.

Subsequently, on 6 May 2024, the Group reached an out-of-court settlement with the former supplier. Under the settlement agreement, the Group paid a compensation of US\$8,250,000 (equivalent to HK\$64,420,000) and accordingly reversed a provision of US\$10,693,000 (equivalent to HK\$83,826,000). The legal claim was fully resolved, and as of 30 September 2024, no provision for legal claims remained.

## 18 TRADE AND OTHER PAYABLES AND ACCRUALS – continued

Note: – continued

(i) – continued

Movements of provision for legal claim are as follows:

	<b>30 September 2024 HK\$'000 (Unaudited)</b>	30 September 2023 HK\$'000 (Unaudited)
Opening amount at 31 March	148,246	84,528
(Reversal of)/provision for legal claim (Note 9)	(83,826)	64,083
Payment	(64,420)	–
Exchange losses	–	(344)
Closing amount at 30 September	<u>–</u>	<u>148,267</u>

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:

	<b>30 September 2024 HK\$'000 (Unaudited)</b>	31 March 2024 HK\$'000 (Audited)
0 – 90 days	806,359	709,155
91 – 180 days	3,544	708
Over 180 days	1,721	351
	<u>811,624</u>	<u>710,214</u>

## 19 CONTRACT LIABILITIES

	<b>30 September 2024 HK\$'000 (Unaudited)</b>	31 March 2024 HK\$'000 (Audited)
Sales of sofas	368,285	265,357
Sales of properties under development	6,916	9,456
	<u>375,201</u>	<u>274,813</u>

For sales of sofas, the contract liabilities recorded at the beginning of the year had been fully recognised as revenue during the period ended 30 September 2024. The management expects that the unsatisfied performance obligations will be recognised as revenue according to the contract period.

For sales of properties under development, revenue was fully recognised during the period ended 30 September 2024 from the contract liabilities recorded at the beginning of the year. The management expects that the unsatisfied performance obligations will be recognised as revenue according to the contract period.

## 20 BANK BORROWINGS

	<b>30 September 2024 HK\$'000 (Unaudited)</b>	31 March 2024 HK\$'000 (Audited)
Secured	–	1,895
Unsecured	<u>4,615,204</u>	<u>4,112,323</u>
	<u><b>4,615,204</b></u>	<u><b>4,114,218</b></u>

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

	<b>30 September 2024 HK\$'000 (Unaudited)</b>	31 March 2024 HK\$'000 (Audited)
The carrying amounts of the above borrowings are repayable:		
Within one year	<u>4,614,287</u>	4,113,203
Within a period of more than one year but not exceeding two years	<u>917</u>	<u>1,015</u>
	<b>4,615,204</b>	4,114,218
Less: amounts due within one year shown under current liabilities	<u>(4,614,287)</u>	<u>(4,113,203)</u>
Amounts shown under non-current liabilities	<u><b>917</b></u>	<u><b>1,015</b></u>

The Group's bank borrowings are denominated in HK\$ and RMB, and carry interest at fixed and variable rates. The fixed rates range from 0.64% to 3.50% (for the year ended 31 March 2024: 0.64% to 3.50%). The variable rates are subject to either (i) the higher of Hong Kong Interbank Offered Rate plus a spread, ranging from 4.60% to 5.57% (for the year ended 31 March 2024: 5.60% to 5.94%), and best lending rate quoted by the Hongkong and Shanghai Banking Corporation Limited plus 1%; or (ii) Euro Interbank Offered Rate plus a spread, ranging from 2.80% to 7.58% (for the year ended 31 March 2024: 2.80% to 7.58%). The weighted average effective interest rates of the above variable-rate and fixed-rate bank borrowings were 5.07% and 2.46%, respectively (for the year ended 31 March 2024: 5.78% and 2.56%, respectively) per annum.

## 21 SHARE CAPITAL

	Number of Shares In thousands	Amounts HK\$'000
<b>Authorised:</b>		
<i>Ordinary shares:</i>		
At 1 April 2023, 31 March 2024 and 30 September 2024		
– HK\$0.40 each	<u>5,000,000</u>	<u>2,000,000</u>
<b>Issued and fully paid:</b>		
At 1 April 2023	3,920,950	1,568,380
Repurchase of shares (Note)	(44,843)	(17,937)
Exercise of share options	<u>1,431</u>	<u>572</u>
At 31 March 2024	<u>3,877,538</u>	<u>1,551,015</u>
At 1 April 2024	3,877,538	1,551,015
Exercise of share options	<u>208</u>	<u>83</u>
At 30 September 2024	<u>3,877,746</u>	<u>1,551,098</u>

Note: During the year ended 31 March 2024, 44,843,000 ordinary shares of the Company of HK\$0.4 each were repurchased at a price ranging from HK\$4.50 to HK\$5.59 per share. All shares repurchased have been cancelled during the year ended 31 March 2024.

## 22 SHARE OPTION SCHEMES

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

A resolution was passed on 3 July 2020 to approve the new share option scheme. The new share option scheme will remain in force for a period of 10 years commencing on 3 July 2020, being the date of adoption of the Share Option Scheme, to 2 July 2030. Details of the share option scheme were disclosed in the consolidated financial statements for the year ended 31 March 2024.

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

	Number of share options	
	2024 '000	2023 '000
Outstanding as at 1 April	17,574	15,932
Cancelled/lapsed during the period	(320)	(935)
Exercised during the period	(208)	(753)
Outstanding as at 30 September	<u>17,046</u>	<u>14,244</u>

During the six months ended 30 September 2024, HK\$859,000 were received for the share options exercised (six months ended 30 September 2023: HK\$3,564,000).

## 22 SHARE OPTION SCHEMES – continued

Details of specific categories of options are as follows:

Options	Date of grant	Number of share options outstanding as at 30 September		Vesting period	Exercise period	Exercise price
		2024	2023			
January 2019	28.1.2019	453,600	453,600	28.1.2019–27.1.2023	28.1.2023–27.1.2025	3.91
January 2020	17.1.2020	965,200	965,200	17.1.2020–16.1.2023	17.1.2023–16.1.2025	6.53
		1,252,000	1,252,000	17.1.2020–16.1.2024	17.1.2024–16.1.2026	6.53
February 2021	3.2.2021	1,211,600	1,211,600	3.2.2021–2.2.2023	3.2.2023–2.2.2025	19.78
		1,172,000	1,172,000	3.2.2021–2.2.2024	3.2.2024–2.2.2026	19.78
		975,600	975,600	3.2.2021–2.2.2025	3.2.2025–2.2.2027	19.78
February 2022	16.2.2022	1,964,400	1,964,400	16.2.2022–15.2.2024	16.2.2024 – 15.2.2026	11.10
		1,925,600	1,925,600	16.2.2022–15.2.2025	16.2.2025 – 15.2.2027	11.10
		1,594,000	1,594,000	16.2.2022–15.2.2026	16.2.2026 – 15.2.2028	11.10
March 2024	4.3.2024	1,876,000	1,876,000	4.3.2024–3.3.2026	4.3.2026–3.3.2028	5.13
		1,869,200	1,869,200	4.3.2024–3.3.2027	4.3.2027–3.3.2029	5.13
		1,786,800	1,786,800	4.3.2024–3.3.2028	4.3.2028–3.3.2030	5.13
		<u>17,046,000</u>				

## 23 CAPITAL COMMITMENTS

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Capital expenditure contracted but not provided for in respect of – Property, plant and equipment (Note)	<u>803,631</u>	<u>422,558</u>

Note: As at 30 September 2024, the capital expenditure contracted but not provided for in the consolidated financial statements in respect of property, plant and equipment was HK\$803,631,000 (31 March 2024: HK\$422,558,000), of which HK\$141,795,000 (31 March 2024: HK\$155,986,000) is related to a building located in Qianhai in Shenzhen.

## 24 RELATED PARTY DISCLOSURES

### (i) Related party transactions

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

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Rental expense paid to related parties (Note)	3,494	5,480

### (ii) Related party balance

	30 September	31 March
	2024	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Amount due from fellow subsidiaries (Note)	3,692	4,961

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.

### (iii) Compensation of key management personnel

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

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Short term employee benefits	9,394	7,607
Post-employment benefits	40	25
Equity-settled share-based payment expenses	181	221
	9,615	7,853