MANWAH

MAN WAH HOLDINGS LIMITED

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

Annual Report 2021

Home essential

First Class Experience

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Corporate Information

BOARD OF DIRECTORS

Executive Directors
Mr. Wong Man Li *(Chairman)*
Ms. Hui Wai Hing
Mr. Feng Guohua *(Chief Executive Officer)*
Mr. Alan Marnie
Mr. Dai Quanfa
Ms. Wong Ying Ying
Ms. Yang Huiyan (resigned on 31 December 2020)

Independent non-executive Directors
Mr. Ong Chor Wei
Mr. Chau Shing Yim, David
Mr. Kan Chung Nin, Tony
Mr. Ding Yuan

AUDIT COMMITTEE

Mr. Chau Shing Yim, David *(Chairman)*
Mr. Ong Chor Wei
Mr. Ding Yuan
Mr. Kan Chung Nin, Tony

NOMINATION COMMITTEE

Mr. Wong Man Li *(Chairman)*
Mr. Chau Shing Yim, David
Mr. Kan Chung Nin, Tony
Mr. Ding Yuan
Ms. Yang Huiyan (resigned on 31 December 2020)

REMUNERATION COMMITTEE

Mr. Ding Yuan *(Chairman)*
Mr. Wong Man Li
Mr. Chau Shing Yim, David
Mr. Kan Chung Nin, Tony
Ms. Yang Huiyan (resigned on 31 December 2020)

COMPANY SECRETARY

Ms. Fu Ying

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

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Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

HONG KONG SHARE REGISTRAR

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

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

LEGAL ADVISERS

Reed Smith Richards Butler
Estera Management (Bermuda) Limited

PRINCIPAL BANKERS

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

STOCK CODE

1999

WEBSITE

www.manwahholdings.com

INVESTOR RELATIONS CONSULTANT

Strategic Financial Relations Limited
2401-2, Admiralty Centre I
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Hong Kong

Directors' Biographies

Executive Directors

Mr. Wong Man Li, aged 56, Member of the National Committee of Chinese People's Political Consultation Conference ("CPPCC"), BBS, JP, is our Chairman, Managing Director and our executive Director. Mr. Wong is also the Chairman of the Company's nomination committee and a member of the Company's remuneration committee. He is responsible for the day-to-day overall management of our Company and mapping our growth strategy. Mr. Wong founded our Group in 1992 and has served as our Chairman, Managing Director and executive Director since 17 November 2004. He is also a director of a number of subsidiaries of the Company. He has over 20 years of experience in the furniture industry. Since 2005, Mr. Wong has been the Vice-President of the China Furniture & Decoration Chamber of Commerce (全國工商聯傢具裝飾業商會), the Executive Member of the China National Furniture Association (中國傢具協會) and the sofa Professional Committee Executive Chairman of the China National Furniture Association (中國傢具協會沙發專業委員會). In December 2007, Mr. Wong was recognized as one of the "Top Ten Outstanding Youth Industrialists of Hong Kong" (香港十大傑出青年工業家) and a Standing Committee Member of the Huizhou Chinese People's Political Consultative Conference (惠州市政協委員會) since February 2009. In December 2012, Mr. Wong was elected as a Founding Chairman of the China Furnishing Brand Federation (中國傢具品牌聯盟). In 2013, Mr. Wong was elected as an Honorary Director of the Development Committee of the Hong Kong Baptist University Jao Tsung-I Academy of Sinology (香港浸會大學饒宗頤國學院發展委員會) and as an Honorary Vice-Chairman of Hong Kong Baptist University Foundation (香港浸會大學基金) in February 2014. Since 2013, Mr. Wong was elected as a Co-Chairman of the "Community for the Chest". In 18 May 2015, Mr. Wong was elected as an Executive Chairman of the Hong Kong Industrial & Commercial Association (香港工商總會) and as a Founding Chairman of the Happy Hong Kong Charity Foundation (築福香港慈善基金會). Mr. Wong received the 2010 Fellowship Award from Asian College of Knowledge Management and an Honorary Doctorate in Management from Lincoln University (2010年度亞洲知識管理學院院士暨林肯大學榮譽管理博士學位). Mr. Wong is the husband of Ms. Hui Wai Hing, an executive Director, and the father of Ms. Wong Ying Ying, an executive Director. Mr. Wong is a director of Man Wah Investments Limited, the controlling shareholder of the Company.

Ms. Hui Wai Hing, aged 58, is our executive Director and Vice President (General Administration and Retail Sales) of our Group. She is also a director of a number of subsidiaries of the Company, and is responsible for our general administration and retail business functions in Hong Kong. She is the wife of Mr. Wong Man Li, our Chairman, Managing Director and executive Director, and the mother of Ms. Wong Ying Ying, our executive Director. She joined our Group in 1992 and was appointed as our Director on 17 November 2004. She has over 20 years of experience in the furniture industry.

Mr. Feng Guohua, aged 52, is our executive Director and Chief Executive Officer. He has over 25 years of experience in information technology and management of consultancy services. Mr. Feng has extensive international exposure and experience in providing consulting services to multinational companies, state-owned enterprises and private enterprises.

Mr. Feng is currently served as an independent director of Shanghai Jahwa United Co., Ltd. (Stock code: 600315. SH), (which is listed on Shanghai Stock Exchange) and he is also an independent non-executive director of Wison Engineering Services Limited (Stock code: 02236.HK), which is listed on the main board of the Hong Kong Stock Exchange. Prior to joining our Company, Mr. Feng had served as General Manager of The Greater China Corporate Services Department of Microsoft (China) ("**Microsoft**") from April 2016 to September 2020. Before he joined Microsoft, he had also been a Vice President and the managing partner at IBM Global Business Consulting Services Department.

Mr. Feng graduated from the University of Science and Technology of China in 1990 with a Bachelor's degree which majors in economic management and minors in computer application software. Mr. Feng also completed the Advanced Management program of Harvard Business School in 2009.

Mr. Alan Marnie, aged 50, is our executive Director since 6 October 2011 after joining the Group in September 2010. He is responsible for exploring the furniture markets in United Kingdom, Europe, Africa, Asia and Oceania. Mr. Marnie has over 32 years of experience in manufacturing, retail and marketing in furniture industry. Prior to joining the Group, he was employed by Homestyle Operations Limited ("Homestyle") as the managing director for Steinhoff Retail Furniture Division in the United Kingdom for 2 years from 2008 to 2010. Homestyle belongs to Steinhoff International Holding Ltd ("Steinhoff"), a company listed on the Frankfurt Stock Exchange, and is one of the largest furniture retailers in Europe. In addition, Mr. Marnie had also worked for 19 years in Reid Furniture Limited, a company which was subsequently owned by Steinhoff, the largest furniture retailer of Scotland and Ireland at that time, and had served as its managing director and chief executive officer for 3 years and 2 years, respectively.

Mr. Dai Quanfa, aged 48, is our executive Director since 19 July 2012 after joining the Group in 1995, and is currently a director of a number of subsidiaries of the Company, including Man Wah Furniture Manufacturing (Huizhou) Co., Ltd. (敏華傢具製造(惠州)有限公司), Man Wah Furniture Manufacturing (Shenzhen) Co., Ltd. (敏華傢具製造(深圳)有限公司), Remaco Machinery Technology (Wujiang) Co., Ltd. (銳邁機械科技(吳江)有限公司), Chongqing Man Wah Furniture Manufacturing Co., Ltd. (重慶敏華傢具製造有限公司) and Man Wah Furniture (China) Co., Ltd. (敏華傢具(中國)有限公司). Mr. Dai is also a general manager of the manufacturing center of the Group. He is responsible for the Group's manufacture of furniture. Mr. Dai has over 20 years of experience in the furniture industry.

Ms. Wong Ying Ying, aged 34, is our executive Director since 4 February 2015 after joining the Group in 2009. She is the daughter of Mr. Wong Man Li, our Chairman, Managing Director, executive Director and controlling shareholder, and Ms. Hui Wai Hing, our executive Director. She has been appointed as the General Manager of the Group's International Marketing Center, which is responsible for the Group's export business, since December 2018. She is the chief brand officer and deputy general manager of the Great China Division of the Group. Ms. Wong is also a director of some of the subsidiaries of the Company. She is responsible for retail sales, marketing plans and e-commerce in China and has been assisting in the general administration and retail business of the Group in Hong Kong. She is a member of Tianjin's Political Consultative Conference, a committee member of the All-China Youth Federation, the vice-chairman of Dynamic Youth of Huizhou Ltd, vice- chairman of Kwai Tsing Volunteer Develop Team, honorary chairman of Shatin District Junior Police Call, member of the Y. Elites Association, honorary chairman of Shatin Sports Association, youth member of HK Industrial & Commercial Association Ltd, Youth Link and youth member of HK Young Industrialists Council and youth member of Jiangsu Youth Federation. She graduated from the University of Wisconsin Madison, Wisconsin, United States of America in 2009 with bachelor's degrees in both Marketing and Sociology. Ms. Wong Ying Ying is also a director of Man Wah Investments Limited, the controlling shareholder of the Company.

Independent non-executive Directors

Mr. Chau Shing Yim, David, aged 58, is our independent non-executive Director since March 2010. He is a chairman of the Company's audit committee, and a member of each of the nomination committee and remuneration committee. He has over 20 years of experience in corporate finance. He was formerly a partner of one of the big four accounting firms in Greater China, holding the position as their Head of Merger and Acquisition and Corporate Advisory. Mr. Chau is a member of the Institute of Chartered Accountants of England and Wales ("ICAEW"), and was granted the Corporate Finance Qualification of ICAEW. He is also a member of the Hong Kong Institute of Certified Public Accountants ("HKICPA") and was an ex-committee member of the Disciplinary Panel of HKICPA. Mr. Chau is a fellow member as well as director of the Hong Kong Securities Institute and the Chairman of Corporate Outreach Committee and China Strategy Committee. Mr. Chau is a member of Hospital Governing Committee of Pamela Youde Nethersole Eastern Hospital ("PYNEH") and the Trustee of the PYNEH Charitable Trust. He is also a member of Jinan Municipal Committee of the Chinese People's Political Consultation Conference.

Mr. Chau is currently also an independent non-executive director of BC Technology Group Limited (Stock Code: 863), China Evergrande Group (Stock Code: 3333), China Evergrande New Energy Vehicle Group Limited (formerly known as Evergrande Health Industry Group Limited) (Stock Code: 708), HengTen Networks Group Limited (Stock Code: 136), IDG Energy Investment Group Limited (Stock Code: 650), Lee & Man Paper Manufacturing Limited (Stock Code: 2314). All the aforesaid companies are listed on the Stock Exchange of Hong Kong.

Mr. Ong Chor Wei, aged 51, is our independent non-executive Director. Mr. Ong was formerly our non-executive Director appointed on 5 March 2010 who was redesignated on 31 May 2012 as our independent non-executive Director. Mr. Ong is also a member of the Company's audit committee. Mr. Ong is currently an executive director and Chief Executive Officer of Net Pacific Financial Holdings Limited and a non-executive director of Joyas International Holdings Limited, both of which are listed on the SGX-ST. Mr. Ong is an executive director of Zibao Metals Recycling Holdings Plc, a company trading on AIM, a market operated by the London Stock Exchange (Stock Code: ZBO) from 2014 to September 2019. Mr. Ong is an independent non-executive director of Denox Environmental & Technology Holdings Limited (Stock Code: 1452) and Nameson Holdings Limited (Stock Code: 1982), and Smart Globe Holdings Limited (Stock Code: 1481 previously 8485), all of which are companies listed on the main board of the Stock Exchange. Mr. Ong was an independent non-executive director of O-Net Technologies (Group) Limited (Stock Code: 877) from 2010 to 2020, a non-executive director of Prosperous Printing Company Limited (stock code: 8385) from 2016 to 2020, which is listed on GEM Board of the Stock Exchange. Mr. Ong also served as non-executive director of Vico International Holdings Limited (Stock Code: 1621), which is listed on the main board of the Stock Exchange, from June 2017 to February 2019. He was also an executive director on a part-time basis of Zibao Metals Recycling Holdings Plc (a company trading on AIM, a market operated by the London Stock Exchange Plc) from 2014 to 2019. Mr. Ong has over 30 years of experience in finance and accounting. Mr. Ong holds a Bachelor of Laws degree from The London School of Economics and Political Science, University of London. He also holds a distance learning degree in Masters in Business Administration jointly awarded by The University of Wales and The University of Manchester. Mr. Ong is an associate member of Institute of Chartered Accountants in England and Wales and a member of the Hong Kong Institute of Certified Public Accountants.

Mr. Kan Chung Nin, Tony, aged 70, LL.B., P.C.LL., BBS, SBS, JP, is our independent non-executive Director since 20 May 2013. Mr. Kan is also a member of the Company's audit committee, nomination committee and remuneration committee. He is the Founder and Senior Consultant of Tony Kan & Co., Solicitors & Notaries, practising as a Solicitor of the Supreme Court of Hong Kong since 1982. He is also a Solicitor of the Supreme Court of England and Wales, a Barrister and Solicitor of the Supreme Court of the Australian Capital Territory, as well as Advocate and Solicitor of the Supreme Court of the Republic of Singapore. He is also a China Appointed Attesting Officer and a Notary Public. Mr. Kan is currently a Committee Member of the National Committee of the Chinese People's Political Consultative Conference and was a Committee Member of the Guangdong Committee of the Chinese People's Political Consultative Conference for three consecutive terms. Mr. Kan had been an Elected Member of the Sha Tin District Council from 1985 to the end of 2011. He had also been an Elected Member of the Regional Council and he was elected as Vice Chairman of the Council in July 1997 until its dissolution at the end of 1999. Since 1988, Mr. Kan has served as a Councillor of Heung Yee Kuk in the New Territories and is currently an Ex officio Member and Executive Committee Member of the Kuk. Mr. Kan has served on various advisory committees for the government, including Town Planning Board Member and Member of the Building Committee of Hong Kong Housing Authority. He is currently a Member of the Election Committee of the Chief Executive of Hong Kong Special Administrative Region. Mr. Kan is an independent non-executive director of Nameson Holdings Limited (Stock Code: 1982), Shenzhen Investment Holdings Bay Area Development Company Limited and Kimon Environment Holding Limited (Stock Code: 6805). He has been the chairman as well as non-executive director of Midland IC&I Limited (Stock Code: 459) since October 2016 to October 2019. The above mentioned companies are listed on the main board of the Stock Exchange. He has been appointed as a vice chairman of the board of directors of DBG Technology Co. Ltd, (Stock Code: 300735).

Mr. Ding Yuan, aged 51, is our independent non-executive Director since 31 December 2016. Mr. Ding is the Chairman of the Company's remuneration committee and a member of each of the Company's nomination committee and audit committee. Mr. Ding graduated with a doctor of philosophy degree in management science from the College of Business Administration, Bordeaux IV University in France in December 2000. Mr. Ding served as a tenured professor in accounting and management control at the HEC School of Management in France from September 1999 to September 2006. He joined China Europe International Business School since September 2006, and currently serves there as the Cathay Capital Chair Professor in Accounting, vice president and dean. He is currently a director of Jaccar Holdings, a private investment company. Mr. Ding is currently a non-executive director of Saurer Intelligent Technology Co. Ltd. (卓郎智能技術股份有限公司), a company listed on the Shanghai Stock Exchange (Stock Code: 600545) from May 2018 and an independent non-executive director of Bluestar Adisseo Company (藍星安迪蘇股份有限公司), a company listed on the Shanghai Stock Exchange (Stock Code: 600299) from October 2018 and independent non-executive director of Shanghai Kunchi Group Co. Ltd. (上海路捷鯤馳集團股份有限公司). Mr. Ding was an independent non-executive director of Landsea Green Properties Co., Ltd. (朗詩綠色地產有限公司) (Stock Code: 106) from 2013 to May 2019, which is listed on the main board of the Stock Exchange. Mr. Ding has more than twenty years of experience in teaching and researching financial accounting, financial statement analysis, corporate governance and mergers and acquisitions.

Senior Management

All the executive directors of the Company are respectively responsible for the various aspects of the business and operations of the Group. These executive directors are regarded as the members of the senior management team of the Group.

Financial Highlights

	FY2021 HK$'000	FY2020 HK$'000	FY2019 HK$'000	FY2018 HK$'000	FY2017 HK$'000 (Restated)
Revenue	**16,434,071**	12,144,299	11,257,792	10,026,573	7,779,015
Gross profit margin	**36.1%**	36.4%	34.1%	37.3%	41.9%
Selling and administrative expense/ revenue	**23.7%**	21.6%	20.9%	21.3%	19.8%
Operating profit margin	**12.4%**	14.8%	13.2%	16.0%	22.1%
Profit attributable to the equity owners of the Company	**1,924,513**	1,638,069	1,363,801	1,535,908	1,752,370
Net profit margin	**11.7%**	13.5%	12.1%	15.3%	22.5%
Basic earnings per share (HK cents)	**50.26**	42.89	35.62	40.22	45.64
Diluted earnings per share (HK cents)	**50.10**	42.87	35.60	40.04	45.47
Interim dividend (HK cents)	**10.0**	7.0	6.0	13.0	14.0
Proposed final dividend (HK cents)	**16.0**	12.0	6.0	12.0	14.0
Dividend payout ratio	**52.7%**	44.3%	33.7%	62.1%	61.0%
Inventory turnover days	**61.4**	69.6	61.0	52.8	54.8
Account receivables' turnover days	**32.1**	37.9	36.7	29.0	28.9
Account payables' turnover days	**33.7**	38.5	34.9	34.3	28.0
Total assets	**17,438,861**	13,213,802	13,145,787	9,470,739	7,511,744
Total liabilities	**6,033,802**	5,981,106	6,429,724	3,026,255	2,102,825
Total equity	**11,405,059**	7,232,696	6,716,063	6,444,484	5,408,919
Bank balance and cash	**2,404,027**	2,020,245	1,438,339	1,409,959	1,808,298
Short-term bank deposits	**892,066**	–	–	–	–
Return on equity[1]	**17.9%**	24.4%	21.9%	25.8%	34.8%
Return on assets[2]	**11.0%**	12.4%	10.4%	16.2%	23.4%

Notes:

1. Return on equity = Profit attributable to equity owners of the Company/equity attributable to equity owners of the Company at the end of the year.

2. Return on assets = Profit attributable to equity owners of the Company/total assets at the end of the year.

3. For the financial year ended 31 March 2017 ("FY2017"), the Company had issued bonus shares on the basis of one bonus share for each existing share held by the shareholders on 4 August 2016. For comparison purposes, earnings per share and dividend per share have been restated in each respective period.

Dear Shareholders,

On behalf of the Board of Directors of Man Wah Holdings Limited ("Man Wah" or the "Company"), I am pleased to present the audited annual results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2021 ("FY2021", the "Review Period" or the "Current FY").

DEAR INVESTORS AND SHAREHOLDERS,

BUSINESS REVIEW:

The eagle soars in the sky and the fish is shallowly swimming. The fittest will survive and the powerful will advance. Over the past year, the pandemic had impacted the world, the international relations were changing, and the external environment was more challenging. However, the past year Man Wah's business in China has experienced a high growth, which was due to our strong foundation built throughout the decade. In the era when core parts are monopolized by overseas factories, the local development of recliner sofas is often limited. At the beginning of 2011, the Company decided to establish Remacro Machinery & Technology (Wujiang) Co., Ltd. to prepare for the R&D and production of smart iron frames, which are the core parts of recliner sofas, and recruited a wide pool of talents to focus on the R&D of high-quality and cost-effective recliner sofas suitable for Chinese consumers. After several years of keeping both feet on the ground, numerous failures and R&D innovation, Man Wah has independently developed and produced core parts for recliner sofas, such as smart iron frames and motors. Man Wah possesses dozens of core patents and the latest process technologies suitable for consumers in the Chinese market. Since 2019, the Group has gradually launched small, beautiful and comfortable recliner sofas. Over the past decade, the Group has become the world's largest producer of smart iron frames. It has laid the foundation for the large-scale and cost-effective production of recliner sofas and faster opening up of the Chinese market.

In the Chinese market, the potential is huge and chance favors only the prepared mind. In the past year, we seized the opportunity of the pandemic and focused on seizing high-quality traffic entrances to expand offline store channels, providing cost-effective and comfortable recliner sofas to thousands of households and benefiting more consumers. We achieved a net increase of 1,125 stores, which was approximately the total number of the stores we opened in the past five years. In addition to rapid store opening, we continued to enhance our product competitiveness. The same store growth was still rapid, and the main business in China achieved a high growth of 68% (excluding the iron frame business). At the same time, the coordinated development of online and offline business and the adoption of new media and channels enabled the brand influence of "CHEERS" to be continuously enhanced, gradually strengthened the awareness of recliner sofas among a wider range of young consumers, and helped to accelerate the penetration rate of recliner sofas market.

In the North American market, the outbreak of the pandemic overseas at the beginning of the past financial year had a huge impact on our export business orders, with the export business in the North American market being challenged and revenues falling in the first half of the financial year. However, in the second half of the financial year, with the relief and control of the pandemic, export orders recovered rapidly to high growth, and extreme order changes posed challenges to our production management. Export factories dominated by the Vietnam factories maintained a stable and large supply of production capacity and efficient operation, and the business in North American turned around and achieved a growth of 30.5% throughout the year.

In the European market, the impact of the pandemic was more severe than that in the North American market. As there are many European countries and the market is fragmented, the impact of the pandemic persists. However, in the second half of the financial year, the economy recovered at a slower pace in Europe than in the North American market, and revenue from Europe and other Southeast Asian countries declined slightly.

With continuous improvement of product quality as the core, we strengthened the R&D and innovation of products. After making breakthroughs in the production of European style small iron frame in 2019, we continued to overcome difficulties and gradually developed new iron frame with such features as "zero-gravity lying flat", "zero leaning against the wall" and "beautiful suspended part". We provided small, beautiful and light recliner sofas that customers can lie flat, to continuously enhance our competitiveness. We acquired Xiongshi Company (雄石公司) to undertake overall planning in the field of smart iron frame (with a full range of American, Italian and German styles), and added "Enlanda" (a high-end brand of CHEERS with the use of iron frames from Xiongshi Company) to cater for the high-end creative sofa market. The Group acquired companies such as Shenzhen Style Home Furnishing Co., Ltd. to complement the Group's layout in linen leisure sofas.

With recliner sofas as the lance, the Group has accumulated attention from the whole society, enhanced brand influence, and comprehensively embraced new consumption scenarios of furniture.

PROSPECTS:

With the increase in China's GDP and per capita disposable income, urbanization and real estate development have flourished in the past decade, and China's large enough population has nurtured a naturally huge upholstered furniture consumer market. Chinese consumers pay more and more attention to home furniture quality, and increase consumption expenditure or purchase frequency. Recliner sofas have more experience functions and comfort improvement on the basis of fixed categories of sofas, which is an experience upgrade for consumers. With the self-produced and self-supplied core components of Man Wah, we can reach a wider range of families with recliner sofas at a more cost-effective price chain, while meeting the rigid demand market. High quality, proper price, and good-looking products allow a wider range of Chinese consumers to enjoy first-class services at the price of economy class. In the current market with low market share and less differentiation, we insist on creating differentiated products and experiences for consumers. With good-looking, useful and inexpensive products, we will better realize the scale effect in the future and accelerate the improvement of penetration and concentration of recliner sofas in the future upholstered furniture market.

The Group will continue to strengthen its core competitiveness and branding in recliner sofa and maintain its absolute leading position in the industry. Meanwhile, it will further improve the innovation and intelligent automation of iron frames and motors, to further increase our core competitiveness and barriers so as to effectively reduce product costs and achieve price advantages. With the improvement of cost performance and aesthetics of recliner sofa, combining with e-commerce, live streaming, TikTok and other communication methods, the improvement of exposure and awareness of recliner sofa will also be accelerated. In the future, we will increase scenes of experience in recliner sofa online and offline, and better improve the number of effective store experiences and convert some shoppers into buyers through enhanced experience and increased exposure.

With recliner sofas as our main business, our mattress business has also achieved rapid growth, and we have expanded this portfolio to include categories such as leisure sofas and smart electric beds. We have a line of high-end, mid-range, and low-end products to connect with a broad range of consumers, increase unit prices for customers, and drive us become a comprehensive upholstered furniture leader with recliner sofas as our core competitiveness.

Overseas markets have been tested by the trade war and COVID-19 epidemic one after another. We invested in the construction of the Vietnam factory to realize the transfer of export production capacity and the rapid growth of production capacity as well as efficiency improvement, gradually build our own ability to establish factories overseas for production and manufacturing management, and improve the stable production capacity supply for export business and strong manufacturing capacity. With the end of the epidemic and the recovery of the economy, the export recliner sofa market has picked up rapidly and orders have increased quickly, but the capacity has been affected to a certain extent in the short run. At the same time, we are gradually expanding our own brand MW Home in the North American market, which has achieved a certain increase in export sales, and we will expand the export business of fixed categories of sofas. We will continue to provide more diversified and competitive products, proactively identify and develop more new customers, and sustain high-quality and steady growth in export markets.

APPRECIATION:

On behalf of the Board of Directors, I would like to express my gratitude to all of our shareholders, partners, consumers and employees for their support in the past year. I believe that adversity makes a good company even stronger. No matter how the future changes, we will continue to work hard to forge ahead in our markets, improve the Company from inside to reward shareholders with better performance, and make more contributions to society.

Wong Man Li
Chairman
Man Wah Holdings Limited

MARKET REVIEW

In 2020, the spread of COVID-19 around the world, the significant appreciation of RMB, the weaken consumer demand in the early part of the fiscal year, and the rapid increase of the price of raw materials in the late part of the fiscal year posed a challenging environment to us. Having faced with the complex and changing trade environment and the impact of the pandemic, the Group, while making vigorous effort in the prevention and control of the pandemic, has promoted the resumption of work and production in an orderly way, continuously improved product research and development capabilities, provided a comprehensive price band of high, medium and cost-effective, as well as a complete product matrix of sofas, mattresses and accessories, and actively promoted domestic business development, thus effectively overcoming the adverse external impact. In the first half of the fiscal year, when orders in the export market were greatly damaged, our domestic sales bucked the trend and achieved an annual revenue growth of 35%. According to the latest market research report published by Euromonitor in April 2021, the Group has been the world's top seller of recliner sofas for three consecutive years.

China Market

During the Review Period, China's overall economy was challenged by the pandemic, and there were also opportunities for consumption recovery and growth of demand for household products. According to the data released by National Bureau of Statistics, a GDP growth of China was approximately 2.3% in 2020. The per capita consumption expenditure of urban residents in China increased by 14.50% to approximately RMB32,189 in 2020 as compared with 2019. With the increase of per capita disposable income, consumers are shifting from basic needs to higher quality of life and consumption. Meanwhile, the pandemic has led to changes in the daily lifestyle of Chinese families, and higher demands have been put forward for the comfort and humanization of household products. In view of the growing demand of consumers, the Group, while focusing on stationary sofas, has added more experience functions and improved the comfort of its recliner sofa products, which is an enhanced experience for consumers. Thanks to self-supply of core components, we are able to offer recliner sofa with more cost-effective price chain to a wider range of families, while meeting the rigid market demand. By offering appealing products with high quality at attractive price, we are dedicated to helping more Chinese consumers enjoy first-class service at the price of economy class.

With the rising trend of consumption upgrading, the Company breaks through the restrictions of core components to provide products that are good value for money. The penetration of its recliner sofas in Chinese market has been accelerated. In addition, our brand effect as a leading enterprise becomes more prominent, the scale advantage is gradually reflected, and the concentration continues to improve. During the Review Period, through effective store expansion, marketing and store operation, vigorous development of e-commerce sales, and active promotion of business model innovation, the Group gained more market share in the Chinese furniture market and achieved strong revenue growth.

US Market

During the Review Period, the US economy was subject to severe impact of the COVID-19 pandemic, the Sino-US economic and trade relations suffered repeated setbacks, and the monetary policy of Federal Reserve was also changed. In 2020, the nominal GDP of the United States was approximately USD20.93 trillion and the annual GDP shrank by 3.5%. According to the 2020 U.S. retail sales data released by the U.S. Department of Commerce, the U.S. retail sales of furniture and home furnishings in 2020 were USD111.4 billion, down by 5.4% year on year. According to the recliner sofa market research report published by Euromonitor in April 2021, from 2016 to 2020, the sales volume of recliner sofa products in the U.S. market increased from 9,302,000 pieces to nearly 10,362,000 pieces, achieving a compound annual growth rate of approximately 2.7%. In the same period, sales grew from USD10.48 billion to nearly USD12.05 billion, representing a CAGR of 3.6%. The recliner sofa category has been growing faster than the traditional stationary sofa, and this trend is expected to continue in the future. In 2020, the Group ranked the top three in the US recliner sofa market. The U.S. market is growing slower than the Chinese market. The Group will try its best to gain more shares and revenue growth in the future competition by taking advantage of its large-scale and efficient capacity, quality and cost control.

Europe and other Overseas Markets

The European market continued to face the growth dilemma. Brexit and impact from COVID-19 posed huge challenges to European economic growth. According to the Eurostat, the GDP of 19 countries in the Eurozone dropped by 6.8% in 2020 from that in 2019. The economic recovery in the Eurozone has been delayed, and competition in the European sofa market is fierce. Due to repeated outbreaks of COVID-19, orders in the European market fell considerably last fiscal year and it failed to achieve positive growth in the whole year. The Group will provide more diversified and competitive products to increase our shares stably in the European market as well as other overseas markets.

Research and Development of Smart Furniture Products

During the Review Period, the Group strengthened product innovation and R&D based on the changes in the market, focusing on the continuous improvement of product quality. After making breakthrough in the production of European-style sofa with small iron frame, we kept penetrating hard targets. In 2020, we developed and launched a series of new smart furniture products with innovative functions, such as "lying flat with zero gravity", "zero clearance against the wall", "beautiful sofa legs" and so on. By offering more upgraded recliner sofas featuring small size, beautiful appearance, lightness, and lying flat function, we have constantly improved our competitiveness and provided consumers with nicer and more comfortable experience. We had acquired companies with the smart home production line to achieve a full spectrum of smart iron frames (including American, Italian and German styles), with an aim to increase the market share of the Group's smart furniture and enriched our product line.

BUSINESS REVIEW

During the Review Period, benefiting from the diversified market distribution and years of preparation and development, the Group's business has gradually changed from OEM business to brand sales business. At present, the brand sales business in China has accounted for more than 60%. Under the global COVID-19 challenge, in view of the fact that the European and American markets were greatly impacted by COVID-19, the Group seized the opportunity to vigorously develop the business in the Chinese market, expanding stores to occupy the sites with favorable consumption flow, and improving the store management level, quality and product innovation and research and development capabilities. The Group achieved a revenue growth of 61.9% in the Chinese market and 35.3% in its main business, maintaining its No.1 position in the global sales of recliner sofa. The revenue of the Group reached a new high in the Review Period. The revenue analysis by different regions is as follows:

1 China Market

During the Review Period, the Group's sales revenue from the Chinese market was HK$10,714,827,000 and the revenue from its main business in the Chinese market was HK$9,975,577,000 (excluding real estate, mall property and other business revenue), representing an increase of 61.9% over the same period last year, which was HK$6,162,931,000. The revenue from the Chinese market for FY2021 accounts for more than 60% of total revenue of the Group of the same period, which has become the main growth driver of the Group.

In terms of the offline sales channels in Chinese market, the Group will continue to carry out the strategy of dominating Chinese market, seize the opportunity of industry optimization driven by the pandemic, accelerate the opening of stores, and further increase the overall number and area of stores in China. As at 31 March 2021, the Group had a total of 4,122 brand stores in China. During the Review Period, we achieved a net increase of 1,125 in the number of our brand stores, and 123 in the number of original stores of Lattoflex smart beds and ESTELLER.

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

While focusing on the production and sale of sofa and bed products, the Group also produces and sells chair and other products to high-speed railway, cinema chains and other commercial customers. In addition, the Group also produces and sells some intelligent furniture components and other products.

In addition, the Group acquired a manufacturer of sofa products located in Jiangsu Province during the Review Period. The sofa manufacturer in Jiangsu has been consolidated into the accounts of the Group as a subsidiary since from 1 March 2021. The Group has also subsequently completed the acquisition of a sofa manufacturer and an iron frame manufacturer in Guangdong Province, which had been consolidated into the account of the Group in April 2021.

2 North America market

With the Group's business strategy gradually shifting from export to domestic sales, and due to the impact of overseas pandemics, the overall contribution of the North America market has declined. Revenue from the North America market decreased from 27.9% in FY2020 to 27.0% in FY2021. During the Review Period, the sales revenue of main business from the North America market was HK$4,579,469,000, up approximately 30.5% from HK$3,507,855,000 in the same period last year.

In the North America market, due to the impact of the pandemic, furniture industry consumption suffered setback. After the recovery from the pandemic in the second quarter of 2020, the Group's export orders to North America resumed rapid growth. In order to mitigate the adverse impact on revenue and gross margin due to tariffs imposed by the US government, the Group acquired a plant in Vietnam in June 2018, which has been put into operation the new plant in 2020. During the Review Period, the capacity of the Vietnam plant increased rapidly, and most of the productions carried out for the U.S. customers have been basically transferred to the Vietnam plant.

The Group also had some high-end sofas produced in China and exported to the United States. The high gross margin of the high-end sofas helped offsetting part of the higher cost of the products produced by Chinese factories due to U.S. tariffs.

3 Europe and other Overseas Markets

During the Review Period, the Group's revenue in Europe declined due to the impact of Brexit and COVID-19. During the Review Period, excluding Home Group, the revenue of our main business from Europe and other overseas markets decreased by 6.5% to HK$876,635,000 compared to HK$937,587,000 in the same period last year.

During the Review Period, Home Group had five sofa manufacturing plants in Poland, the Baltic States and Ukraine, which are mainly engaged in the design and production of stationary sofas and sofa beds. The products of Home Group are sold to many European furniture retailers. Its revenue from main business increased by 2.7% compared with the same period last year.

FINANCIAL REVIEW

Revenue and Gross Profit Margin

	Revenue (HK$'000)			As a percentage of revenue (%)		Gross profit margin (%)	
	FY2021	FY2020	Change (%)	**FY2021**	FY2020	**FY2021**	FY2020
Business of sofas and ancillary products	**11,723,615**	8,155,269	43.8%	**69.2%**	65.0%	**37.4%**	38.7%
Other products	**3,708,066**	2,453,102	51.2%	**21.9%**	19.5%	**31.5%**	29.8%
Home Group business	**764,072**	744,116	2.7%	**4.5%**	5.9%	**34.7%**	28.2%
Other business	**238,318**	791,812	-69.9%	**1.4%**	6.3%	**49.4%**	40.1%
Other income	**511,894**	413,794	23.7%	**3.0%**	3.3%	**–**	–
Total	**16,945,965**	12,558,093	34.9%	**100.0%**	100.0%	**36.1%**	36.4%

During FY2021, total revenue (including the income from main businesses and other income) rose by approximately 34.9% to approximately HK$16,945,965,000 (Last Corresponding Period: approximately HK$12,558,093,000). The overall gross profit margin for the current financial year was approximately 36.1% (Last Corresponding Period: approximately 36.4%), which was basically the same compared to last year.

During the Review Period, excluding Home Group business, the Group sold approximately 1,648,000 sets of sofa products (FY2020: approximately 1,267,000 sets), representing an increase of approximately 30.1% (one set of sofa products equals to six seats, excluding chairs and other products which were sold to commercial clients).

1. Sofas and Ancillary Products Business

During the Review Period, revenue from business of sofas and ancillary products was approximately HK$11,723,615,000, representing an increase of approximately 43.8% as compared to approximately HK$8,155,269,000 in the Last Corresponding Period.

1.1 China market

During the Review Period, revenue from the China market reached approximately HK$6,851,747,000, up by approximately 66.5% from approximately HK$4,114,012,000 in the Last Corresponding Period.

During the Review Period, the Group's sales of sofas and ancillary products in the Chinese market enjoyed rapid growth. While vigorously expanding to achieve rapid store opening, we continued to improve the competitiveness of products, and enabled dealers to improve the operation and management level, in order to ensure good store performance in spite of the increase of number of stores. In addition, we have achieved coordinated development online and offline, by constantly embracing changes and making good use of new media such as TikTok and new channels such as live streaming. We have realized the continuous improvement of the brand influence of "CHEERS", and gradually strengthened the awareness of consumers on recliner sofa, thus pushing the domestic recliner sofa into the fast track of development.

1.2 North America market

During the Review Period, the revenue from the North America market was approximately HK$4,374,287,000, up approximately 31.5% from approximately HK$3,326,760,000 in the same period last year. Among the revenue from North America during the Review Period, the revenue from the United States and Canada was approximately HK$4,077,061,000 and HK$282,603,000 respectively.

1.3 Europe and Other Overseas Markets

During the Review Period, the sales revenue of sofa and supporting products from the Europe and other overseas markets was approximately HK$497,581,000, down approximately 30.4% from approximately HK$714,497,000 in the same period last year.

2 Sales of other products

During the Review Period, the Group's revenue from sales of other products was approximately HK$3,708,066,000, up approximately 51.2% from approximately HK$2,453,102,000 in the same period last year.

2.1 The sales revenue of beds from the Chinese market was approximately HK$2,247,911,000, up approximately 72.6% from approximately HK$1,302,384,000 in the same period last year. No beds were sold to overseas markets.

2.2 The sales revenue of smart furniture components and products amounted to approximately HK$1,460,155,000 (including approximately HK$875,919,000 from the Chinese market, approximately HK$205,182,000 from the North America market, and approximately HK$379,054,000 from the Europe and other overseas markets), up approximately 26.9% from approximately HK$1,150,718,000 in the same period last year.

3 Business of Home Group

During the Review Period, revenue from Home Group reached approximately HK$764,072,000, up approximately 2.7% compared with approximately HK$744,116,000 in the Last Corresponding Period.

4 Other Business

During the Review Period, revenue from the real estate, hotel, and furniture mall business of the Group reached approximately HK$238,318,000, down approximately 69.9% compared with approximately HK$791,812,000 in the Last Corresponding Period.

5 Other Income

During the Review Period, other income of the Group reached to approximately HK$511,894,000, representing an increase of approximately 23.7% as compared with approximately HK$413,794,000 in the Last Corresponding Period.

Cost of goods sold

Breakdown of cost of goods sold

	FY2021 HK$'000	FY2020 HK$'000	Change (%)
Cost of raw materials	**8,388,341**	6,244,588	34.3%
Labour costs	**1,659,858**	1,133,692	46.4%
Manufacturing overhead	**456,765**	348,320	31.1%
Total	**10,504,964**	7,726,600	36.0%

Major raw materials	**Average unit cost year-on-year change (%)**
Leather	**-5.8%**
Steel products	**3.6%**
Wood	**-9.0%**
Fabric	**-1.2%**
Chemicals	**24.3%**
Packaging paper	**5.9%**

Other Gains and Losses

During FY2021, other gains and losses of the Group amounted to losses of approximately HK$93,713,000 (the Last Corresponding Period: gains of approximately HK$56,724,000). The aforesaid losses in the Review Period mainly come from the exchange losses and losses from fair value changes of financial assets.

Selling and Distribution Expenses

Selling and distribution expenses increased by approximately 55.8% from approximately HK$2,001,747,000 in FY2020 to approximately HK$3,118,564,000 in FY2021. Selling and distribution expenses as a percentage of revenue increased from approximately 16.5% in FY2020 to approximately 19.0% in FY2021. The increase was mainly attributable to the following:

(a) Advertising, promotion, and brand building expenses increased by approximately 65.9% from approximately HK$283,643,000 to approximately HK$470,676,000, and their percentage in revenue increased from approximately 2.3% to approximately 2.9%. Among the expenses, promotion expenses increased by approximately 48.9% from approximately HK$199,449,000 to approximately HK$297,050,000, and their percentage in revenue increased from approximately 1.6% in FY2020 to approximately 1.8% in FY2021;

(b) Salaries, welfare, and commissions of sales staff increased by approximately 48.7% from approximately HK$334,187,000 to approximately HK$497,044,000, and their percentage in revenue increased from approximately 2.8% in FY2020 to approximately 3.0% in FY2021;

(c) Overseas transportation and port expenses increased by approximately 67.6% from approximately HK$595,094,000 to approximately HK$997,601,000. As a percentage of revenue increased from approximately 4.9% last year to approximately 6.1%. Domestic transportation expenses increased by approximately 75.7% from approximately HK$253,321,000 to approximately HK$445,004,000. As a percentage of revenue increased from approximately 2.1% in last year to approximately 2.7% in FY2021;

(d) Customs duties imposed on goods exported to the United States rose by approximately 11.2% from approximately HK$108,613,000 to approximately HK$120,790,000. The duties accounted for as a percentage of revenue decreased from approximately 0.9% in last year to approximately 0.7% in FY2021;

(e) Network service expenses increased by approximately 38.1% from approximately HK$63,093,000 to approximately HK$87,118,000, and accounted for approximately 0.5% of revenue, being the same as FY2020.

Administrative and other Expenses

Administrative and other expenses increased by approximately 25.1 % from approximately HK$622,084,000 in FY2020 to approximately HK$778,071,000 in FY2021. As a percentage of revenue, administrative and other expenses were approximately 4.7% (FY2020: approximately 5.1%).

Income Tax Expense

Income tax expense decreased by approximately 19.3% from approximately HK$417,247,000 in FY2020 to approximately HK$336,908,000 in FY2021. The proportion of income tax expense to profit before tax decreased from approximately 19.8% in FY2020 to approximately 14.3% in FY2021.

Profit attributable to Owners of the Company and Net Profit Margin

The profit attributable to owners of the Company increased by approximately 17.5% from approximately HK$1,638,069,000 in FY2020 to approximately HK$1,924,513,000 in FY2021. The net profit margin of owners of the Group decreased from 13.5% in FY2020 to approximately 11.7% in FY2021, which was mainly because the selling and distribution expenses increased by approximately 55.8% from approximately HK$2,001,747,000 in FY2020 to approximately HK$3,118,564,000 in FY2021.

Dividends

The Board has proposed a final dividend of HK$16 cents per share for FY2021. During the FY2021, the Board has already declared and paid an interim dividend of HK$10 cents per share. Total dividends declared for FY2021 accounted for approximately 52.7% of the profit attributable to owners of the Company.

Working Capital

As at 31 March 2021, the Group's bank balances and cash and short-term bank deposits were approximately HK$2,404,027,000 and HK$892,066,000, respectively.

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

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

Liquidity and Capital Resources

As at 31 March 2021, the Group's short-term borrowings amounted to approximately HK$3,588,713,000 and long-term borrowings amounted to approximately HK$1,196,000. The Group's major bank borrowings are denominated in HKD and RMB and carry interest at fixed and variable rates. The fixed rates are ranging from 0.71% to 3.92% (FY2020: 3.60% to 4.35%). The variable rates are subject to either i) the higher of Hong Kong Interbank Offered Rate plus a spread, ranging from 1.01% to 1.99% (FY2020: 2.58% to 3.56%), or the best lending rate quoted by the Hongkong and Shanghai Banking Corporation Limited plus 1% or ii) Euro Interbank Offered Rate plus a spread, ranging from 1.59% to 2.80% (FY2020: 2.10% to 3.15%). The weighted average effective interest rates of the above variable-rate and fixed-rate bank borrowings were 1.20% and 2.86%, respectively (FY2020: 3.01% and 4.09%, respectively), per annum.

The Group's primary source of working capital is cash flow from operating activities and bank deposits. As at 31 March 2021, the Group's current ratio was approximately 1.4 (31 March 2020: approximately 1.1). As at 31 March 2021, the Group's gearing ratio was approximately 33.4% (31 March 2020: approximately 59.4%), which is defined as total borrowings divided by total equity attributable to owners of the Group.

Allowance for Inventories

For FY2021, the Group reversed an impairment allowance for inventories of approximately HK$18,032,000 (FY2020: provided impairment allowance of approximately HK$24,398,000).

Impairment Loss on Trade and other Receivables

For FY2021, the Group provided impairment loss on trade and other receivables of approximately HK$2,042,000 (FY2020: approximately HK$3,527,000).

Pledge of Assets

As at 31 March 2021, there was approximately HK$12,237,000 restricted bank balances (FY2020: HK$23,636,000). As at 31 March 2021, some subsidiaries of Home Group under the Group pledged certain assets for financing, including property, plant, and equipment with a book value of approximately HK$3,755,000 (FY2020: property, plant and equipment with a book value of approximately HK$25,880,000 and inventories with a book value of approximately HK$13,041,000).

Capital Commitments and Contingent Liabilities

Save as disclosed in note 31 to the consolidated financial statements, the Group did not have any material capital commitments as at 31 March 2021.

As at 31 March 2021, the Group did not have any material contingent liabilities.

Foreign Currency Risks

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

Significant Investments and Acquisitions

Save as disclosed in this report, the Group did not have any significant investments or material acquisitions or disposals of subsidiaries, associates or joint ventures during the FY2021. The Group continues to seek suitable opportunities to acquire furniture companies to accelerate the development of the Group.

Future Plan For Material Investments Or Capital Assets

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

USE OF PROCEEDS FROM THE PLACING OF NEW SHARES

Reference is made to the Company's announcements dated 15 January 2021 and 22 January 2021 (the "Announcements") in respect of the placing of 150,000,000 new ordinary shares of the Company (the "Placing") at the placing price of HK$15.85 per share. The net placing price was HK$15.75 per share. The closing price of the Company's share on 15 January 2021, the date on which the relevant placing agreement was entered into, was HK$16.20. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the placees and their respective ultimate beneficial owners (if any) were professional, institutional, or other investors who are third parties independent of the Company and its connected persons (as defined under the Listing Rules). The Company successfully raised a total net proceeds of (after deducting related costs and expenses) from the Placing amounted to approximately HK$2,362.7 million. Based on a nominal value of HK$0.40 per share, the aggregate nominal value of the Placing Shares was HK$60,000,000. As disclosed in the Announcement, the Company intended to use the net proceeds for expansion of China factory manufacturing facilities, digitizing new retail business, increasing number of stores, and general corporate purpose.

As at 31 March 2021, the net proceeds from the Placing has been utilised as intended with details as follows:

1. a total of HK$274.47 million for capacity and factory expansion in China;

2. a total of HK$86.79 million for investment on production equipment in order to increase the production capacity in the China factory;

3. a total of HK$130.25 million for settling part of the consideration for the acquisition of 51% interest in Shenzhen Style Home Furnishing Co., Ltd.* (深圳市格調家居有限公司), which owns manufacturing facilities in China; and

4. a total of HK$43.78 million for the expenses of increasing the number of stores.

As at 31 March 2021, the remaining net proceeds of HK$1,827.41 million from the Placing was not yet utilised. It is expected to be utilised as intended for general corporate purpose by 31 March 2022.

HUMAN RESOURCES

As at 31 March 2021, the Group had 30,621 employees (31 March 2020: 22,041 employees). The increase in the number of employees mainly results from the expansion of the Vietnam factory during the Review Period.

The Group always regards its employees as its most important resource, and provides its staff with sound working and living conditions at the main manufacturing bases, and has developed a comprehensive staff training and development, performance evaluation, and incentive system. Meanwhile, the Group is also devoted to enhancing production and operating efficiency. By improving the standardization and automation level of the production process as well as the operation management process, the Group also increased the number of employees while its revenue steadily increased during the Review Period.

During FY2021, the total staff costs for the Group amounted to approximately HK$2,491,708,000 (FY2020: approximately HK$1,729,151,000), of which approximately HK$23,385,000 (FY2020: approximately HK$15,905,000) was Directors' emoluments. The Group endeavours to keep the remuneration packages of its employees competitive and reward employees based on their performance. As part of the Group remuneration system and policy, we have adopted a share option scheme and a share award scheme, both of which enable the Group to reward employees and incentivise them to perform better.

FUTURE PLANS AND OUTLOOK

With the increase in market share and turnover of the Group's products in the Chinese market, the Group will actively increase its production lines and expand plants to increase its capacity; and further reduce costs by increasing self-developed processes and strengthening cost control to enhance the competitiveness of its products in the market.

In terms of products, the Group will further consolidate the leading position of its recliner sofas and leather sofas in the industry through product upgrades and technological breakthroughs. The Group will also enter customized and fabric sofas segments with strong power by ways of mergers and acquisitions, which will enrich the Group's product portfolio, in order to provide consumers with more choices, and continue to meet the people's desire for a better life.

In terms of talent training, the Group invests over RMB10 million each year to empower talent development. Through the comprehensive integration of high-level educational environment and educational resources, the Group provides a strong driving force for the career development of its employees. By implementing a wide range of professional education based on general education and training employees in accordance with their aptitude, the Group has formed an ecological chain of talent cultivation with distinctive characteristics of the Group, which leads the talent cultivation in smart home industry.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2021.

Environmental, Social and Governance Report

INTRODUCTION

Man Wah Holdings Limited ("Man Wah" or the "Company") has been persistent in the pursuit of its corporate value of "fulfilling social responsibility and achieving sustainable development," and strived to promote the environment in the community and green recycling economic development, while adhering to the irrevocable duty and responsibility of "bringing healthy, comfortable, valuable and stylish home to thousands of families".

This report summarizes the actions and achievements of the Company and its subsidiaries (collectively the "Group") in actively fulfilling its social responsibilities in the four key areas of environmental protection, operating practices, workplace quality and public welfare activities during the year ended 31 March 2021 ("FY2021", the "Review Period" or the "Current FY"), thereby reflecting the progress achieved by the Group during the Current FY.

1. ENVIRONMENTAL PROTECTION

The Group has strived to enhance operational efficiency. Meanwhile, it has taken lots of measures to reduce the impact on the environment. The processes of its product design, factory design and supplier selection have been always in accordance with the highest standards of environmental protection, so as to reach a high degree of integration in the efficiency improvement, resource conservation, environmental protection and healthy products. The Group has strictly complied with the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the Water Pollution Prevention and Control Law of the PRC (《中華人民共和國水污染防治法》), the Atmospheric Pollution Prevention and Control Law of the PRC (《中華人民共和國大氣污染防治法》), the Law of the PRC on Prevention and Control of Pollution from Environmental Noise (《中華人民共和國環境噪聲污染防治法》), and other relevant environmental protection laws and regulations of the jurisdictions where the Group operates its factories.

1.1 Energy Saving and Emission Reduction

In the furniture production process, the Group increased the utilization rate of resources by improving the production procedure continuously and using more environmentally friendly materials and equipment, so as to reduce costs while minimizing the impact on the environment. As it would generate a certain amount of waste water, gas emissions and solid wastes in the furniture production process, the Group has adopted a series of effective measures. In respect of the uncontrolled exhaust gas, waste water and noise arising from operation, the Group has complied with all the national standards such as the Integrated Emission Standard of Air Pollutants (大氣污染綜合排放標準), the Integrated Wastewater Discharge Standard (污水綜合排放標準) and the Emission Standard for Industrial Enterprises Noise at Boundary (工廠企業廠界環境噪聲排放標準) and did not exert material impacts on the environment.

In terms of waste water treatment, the Group has self-constructed domestic sewage treatment systems in the main factories in China. From February 2018, all the wastewater discharged by the Group has been processed by a localized public wastewater treatment plant throughout the Current FY. In the prior FY, around 200,000 tons of domestic sewage has been treated by the Group. All treated up to standard domestic sewage has been recycled and reused, saving approximately 64,922 tons of water in prior corresponding Period.

In order to ensure air quality in the workplace, the Group established the full-circumference exhaust gas collection device in all sponge factories, where plasma photolysis and activated carbon adsorption processes were used to treat the exhaust gas. (Please refer to the pictures below)

No substantial direct emission of greenhouse gas is generated from the Group's business activities. Greenhouse gases emissions associated with electricity purchase was approximately 47,111 tonnes (CO2 equivalent emissions) (2020: 38,440 tonnes) during the Current FY. Indirect emissions other than electricity were minimal.

Greenhouse gases emission	2021	2020
Total Greenhouse gases emission (tonnes)	**47,165**	48,969
Total Greenhouse gases emission per employee (tonnes per employee)	**1.521**	2.69
Direct emissions (tonnes)	**0**	0
Indirect emissions (tonnes)	**47,165**	48,969
Quantity of purchased Electricity ('000 KWh)	**64,352**	54,334
Emission factor (kg/kWh)	**0.73**	0.73

The Group does not generate much waste paper and household garbage during its operation, all of which are collected and disposed by cleaning personnel and afterwards are processed by the Local Sanitation Bureau. Such arrangement does not cause material impact on the environment. The solid wastes such as leftover woods, fabrics and leather, etc. are recycled and reused by the Group in order to save material consumption costs and enhance the resources efficiency. The Group does not generate major hazardous emissions or waste in its operation. As such, data on emission and waste generated from hazardous emission has not been collected. The non-hazardous waste of the Group (representing leftover woods fabrics and leather) produced during the Review Period was approximately 51.929 tonnes (2020: 45.330 tonnes) and the said waste did not exert any significant impact on the environment.

In the carpentry workshop, the Group used new dust removal equipment in all manufacturing base in China, in order to lower the dust concentration effectively, reduce exhaust emission, and protect the health of the practitioners. Moreover, waste water of the panel-type furniture factory can be reused on the production line after treatment, so as to save water resources. By establishing the closed spraying device, harmful gases will not leak, thus ensuring the safe working environment for employees. (Please refer to the pictures below)

1.2 Resources Consumption

The Group acknowledges the importance of operation-wide consumption of energy. Therefore, the Group has set up an energy measurement and management system with detailed specifications to reduce the consumption of resources. Furthermore, a dedicated energy management organization, the Energy Management Team, was set up in 2012. Under this team's leadership, strict management and precise measurement have been implemented on the energy consumption in production and non-production systems in respect of energy imports and exports and incentive and constraint mechanisms for energy-saving have been established and improved. The energy conservation team has set up an energy-saving incentive fund to reward teams and individuals who have achieved excellent results in energy management, energy-saving innovations, and exploring potential in energy-saving work.

We monitor our water consumption continuously and implement water saving measures at all our outlets. There were no issues with the water supply as the water is directly supplied from the respective government agencies.

During FY2021, total electricity consumption of the Group's sofa production bases in China was approximately 60,000,000 kWh, a decrease of approximately 10.3% as compared to the Last Corresponding Period. Total water consumption was about 1,073,508 tons, increasing by approximately 37.3% as compared to about 781,765 tons in the Last Corresponding Period. During the Current FY, the major energy consumption of the Group is as follows.

Energy Consumption	Unit	**2021 Total Consumption**	2020 Total Consumption
Total electricity consumption (excluding the solar power panels)	'000 KWh	**64,352**	54,334
Electricity consumption per capita	'000 Kwh/per person	**1.93**	3.67
Consumption of non-renewable fuels	L	**268,027**	228,561
Consumption per capita	L/per person	**8.62**	12.55
Total water consumption	m^3	**1,073,508**	781,765
Water consumption per capita	m^3/per person	**34.51**	42.94

The Group mainly uses paper boxes, plastic bags and sponge scraps as packaging materials for its products. The amount of various types of packaging materials used in Current FY was approximately 29,784 tons (2020: 23,352 tons) in total and approximately 18 kg (2020: 18 kg) packaging materials were used per set of sofa. The Group used the packaging materials reasonably and effectively to minimize its impact on the environment.

1.3 Environment and Natural Resources

The Group has been committed to the protection of natural resources and reduction of resource wastage across its operation, which has become integral to its corporate culture.

In the factories in China, a solar photovoltaic system at the rooftops has been used. During the Review Period, the three production bases of the Group in China generated power capacity of approximately 14,807,854 kWh with photovoltaic systems, representing approximately 24.7% of the total electricity consumption of sofa production bases as compared to 24.3% in the Last Corresponding Period. In addition, the Group proactively implemented the paperless office policy, thereby minimizing the adverse impacts of its operation on the environment.

2. OPERATING PRACTICES

The Group's sofa brand "Cheers First-class Cabin" was awarded the accolades of "Consumers' Favorite Brand of Furniture" and "Green Furniture Products," and its products continued to gain consumer recognition. Providing the best-quality home products and services to billions of consumers around the world is the Group's commitment to consumers, and also the foundation for its constant and robust growth. The Group's employees must abide by the anti-corruption policy strictly so as to maintain the Group's reputation.

2.1 Product Liability

A. Raw material management and control:

In order to provide healthy and comfortable products to customers and ensure the product quality, in strict accordance with the law of the PRC on Product Quality, the Group always uses high quality materials from the product design stage and sets up a comprehensive supplier evaluation system. Only those suppliers with scale, industry position, quality control and reputation that can satisfy the Group's required standard can enter into supply chain system of the Group. For selection of raw materials, the Group makes sure the quality and environmental indicators could meet relevant national regulations and industry standards and standards in clients countries, and it adheres to strict and reasonable raw material specification table, defining the nature, quality policy and safety indicators of raw materials, and providing quantitative and definite standards for procurement and inspection of raw materials. The Group has introduced a variety of special testing equipment, for example: the heavy metal content tester for checking if the heavy metal content in raw materials such as fabrics, paint and plywood complies with national standards; Martindale abrasion tester for testing the abrasion resistance of leather and ensure the quality of raw materials; and vertical low-temperature flexing tester for testing the smoothness and durability of fabrics at a low temperature environment.

B. Product quality monitoring:

To ensure the Group provides the highest quality products to customers, in strict accordance with the law of the PRC on Product Quality and Protection of the Rights and Interests of Consumers, and the Advertisement Law, it has developed a set of strict quality management procedures, covering the whole process from supplier selection, materials testing, process control, pre-delivery tests, third-party inspection and certification, after-sales service and product quality tracking, and has the IT system record and track the whole process. Based on the strict standards of the world's respected third-party testing organizations, the Group has established testing systems for raw materials, flame retardant, electronic hardware, metal frame, foam, leather, fabric, cloth, semi-finished and finished products. The Group has attained ISO9001 quality management system, ISO14001 environmental management system and China Environmental Labeling Product Certifications. In addition to meeting inspection standard of customers, the Group regularly sends its products to third-party authoritative organizations for testing.

During the FY2021, the Group had complied with the applicable laws and regulations that had a significant impact on the Group with regards to product responsibility.

2.2 Supply Chain Management

When selecting suppliers, the Group conducts on-site assessments of the potential suppliers' industry position, production capacity, technical capability, quality control system, production environment, testing capability and personnel quality, requiring relevant qualifications and certifications. Only those who pass the assessment can be qualified as its suppliers. In addition, suppliers are managed by hierarchies based on their average monthly purchase volume, and suppliers are paid as scheduled to enable suppliers to grow together with the Group, in return to provide high quality raw materials.

The Group has constantly improved accuracy of sales and production forecast, to further reduce safety stock and thus improve inventory turnover.

2.3 Anti-corruption

The Group has been committed to establishing and consistently improving its internal control system in order to prevent corruption and fraud.

The Company's audit committee and management do not tolerate any corruption and fraud. The integrity, impartiality, transparency and responsibility are reflected in the policies and operational procedures of the Group.

In addition, the Group conveys its firm stance against corruption and fraud to its employees, which is an integral part of its corporate governance, and is a full guarantee for the assets and interests of shareholders. It also includes applicable provisions in the contracts with third party suppliers to explain to them its requirements. The Group's internal audit department conducts an independent audit to make the integral mechanism more effective and complete. Seminars are held regularly within the Group to communicate professional knowledge, skills and experience.

The Group has strengthened the supervision of anti-corruption, while ensuring daily supervision channels. In addition, the Group has set up a corruption reporting platform to encourage real-name reporting of corruption and theft of corporate property during the production and operation. By public WeChat ID, telephone and office automation system, this platform has realized efficient and effective communication between the suppliers, consumers, grass-roots staff and management personnel, with the reward system established for informers.

Through continuous improvement of internal operation efficiency and constant promotion of the internal control system, the Group sets up related policies and procedures for the majority of business activities, and implements regular inspection on compliance with policies and procedures. The Group also reviews the business monthly to find out abnormality in its business in time.

During the FY2021, there was no non-compliance with the applicable laws and regulations on prevention of bribery, extortion, fraud and money laundering such as Criminal Law of the People's Republic of China (《中華人民共和國刑法》), the Law of the People's Republic of China for Countering Unfair Competition (《中華人民共和國反不正當競爭法》), the Company Law of the People's Republic of China (《中華人民共和國公司法》), and the Interim Provisions on Probation of Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》) issued by the State Administration of Industry and Commerce, that have a significant impact on the Group relating to anti-corruption.

3. WORKING ENVIRONMENT

The Group always regards talents as the most valuable resource and provides staff with a comfortable and efficient working environment. The Group develops labor standards and standards on prevention of employing child and forced labour in strict accordance with the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), Vietnamese Labour Law (《越南勞動法》) and other relevant regional employment laws and regulations. Focusing on employee health and safety measures, the Group offers training and development opportunities as well as broad career promotion channel for employees. The Group also advocates the work-life balance of employees.

The Group has set up a series of policies and procedures on human resources management, including but not limited to: recruitment and promotion, compensation and dismissal, working hours, rest periods, equal opportunity, diversity, anti-discrimination, benefits and welfare, preventing child and forced labour, etc.

It has set up detailed employee selection procedures to make sure that only qualified employees are recruited to the Group. Based on requirement of different positions, the Group has developed training manuals and programs for employees. In order to better motivate employees, provide equal opportunities to them and evaluate them to make sure that their behaviors are in line with the Group's goal, the Group has set up a comprehensive performance evaluation system. Benefited from its strong information system and management accounting system, the Group tries to evaluate the performance of different levels of employees and management by actual numeric key performance indicators ("KPI"), and reduce the proportion of subjective judgment in people evaluation. At the same time, the Group has set up a series of incentive bonus programs based on above KPIs. The grant of share options is also based on annual KPIs of managers.

The Group cooperates with many big furniture retailers. These clients conduct regular social responsibility audits to factories of the Group, including detailed checking on working and living environment of workers, preventing child and forced labour, etc. The Group maintains a good record during these factory audits. This is also part of the reasons that the Group can keep long term cooperation with these furniture retailers.

3.1 Health & Safety

During the Review Period, the Group had strictly abided by the Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), Safety Production License Regulations of the People's Republic of China (《中華人民共和國安全生產許可證條例》), Enterprise Safety Production License Management Regulations of the People's Republic of China (《中華人民共和國企業安全生產許可證管理規定》), Law of the People's Republic of China on Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》) and the relevant laws and regulations on safe production of the furniture of operation, and continued to implement the following measures to protect employees' occupational health and safety:

1. conducting three-level safety training and on-the-job safety training for new employees;

2. establishing voluntary fire brigade, purchasing professional fire and emergency rescue equipment, and regularly holding fire evacuation drills to improve the safety awareness of all employees;

3. regularly arranging health check of employees at the positions with occupational hazards, and supervising employees to wear labor protection products;

4. while procuring the equipment, the safety of the equipment is always the first evaluation index — devices are used to prevent occupational injuries during production, such as the use of infrared detector and nail gun protector on punching machines, etc.;

5. strengthening the on-site identification and rectification of hidden production safety accidents, and implementing the main responsibility of the enterprise to protect the health and safety of employees;

6. establishing a centralized system of supplier assessment, procurement and inspection for food materials of staff canteens; and

7. installing central air-conditioning systems at main production areas. During the FY2021, the number of lost working days due to work-related injuries fell by approximately 6.1% as compared with FY2020. During the Review Period, there was no material breach or non-compliance with the applicable laws and regulations stated above that had a significant impact on the Group relating to health and safety.

3.2 Staff Training

The Company attaches great importance to the development and cultivation of talents. In addition to the organization of regular on-the-job training and management training, the Company also continues to develop talent cultivation programs in cooperation with well-known institutions, and has internally provided specialist training courses, academic education classes and professional managers training courses. During the Review Period, the Group spent approximately HK$10.21 million on training (approximately HK$8.46 million in the Last Corresponding Period), details of which are as follows:

(1) For junior staff:

* offer training classes for production leaders, which have cultivated nearly 144 (318 in the Last Corresponding Period) outstanding team leaders and line leaders during the Review Period, and have trained accumulatively more than 2,408 outstanding team leaders and line leaders within the past five years;

(2) For store sales:

offer classes to junior business representatives and regional training classes, which have cultivated 3,651 outstanding business representatives (6,490 in the Last Corresponding Period) during the Reporting Period.

(3) For franchisees and certain middle-level executives:

* offer franchisees training courses to improve the management and operating capabilities of franchisees, which have trained 1,486 franchisees and store managers during the Review Period (2,401 franchisees and store managers in the Last Corresponding Period);

* offer an EDP class and a mini MBA class in cooperation with the Research Institute of Tsinghua University. A total of 68 employees (68 employees in the Last Corresponding Period) graduated from the trainings in cooperation with the Research Institute of Tsinghua University during the Review Period.

(4) Middle-level talent pool plan:

Golden Seed talent pool plan: Since 2011, the Company has recruited outstanding graduates every year from well-known universities through campus recruiting. As of the end of the Review Period, we offered eleven cadres reserve classes, of which six classes were offered during the Review Period. Each outstanding college graduate, undergraduate student and junior college student has been provided with a mentor, a tailored career development plan and targeted rotation training.

(5) Cadre trainee program:

In order to reserve talents for expanding the overseas market, during the Review Period, the Company launched a cadre trainee program. By recruiting outstanding students from overseas and developing a systematic training program, the Company helped the cadre trainees learn about the production process and product knowledge on the spot and participate in marketing activities. During the Review Period, the Company has started one training class.

(6) For certain executives:

1. EMBA education: The Company cooperates with domestic and foreign well-known business colleges and select executives to take EMBA courses and general manager training courses.

(7) Education for the children of employees:

In order to reward those employees' children who are admitted to universities, the "Golden Houses Exist in Books — Man Wah Holdings All Staff Education Grants Program" established by and with personal contributions from Mr. Wong Man Li, the Chairman of the Board and president of the Company, has currently awarded student grants (a total of approximately more than RMB5,030,000) to eleven groups of applicants (329 employees in total) since its founding in May 2010. A total of approximately RMB477,000 was granted to 30 employees during the Review Period.

3.3 Staff Development and Motivation

In recent years, the Company has provided management and professional channels for staff career development, and initially established qualification standards and an excellent staff study points system to provide a standard basis for staff promotion and career development. The Company carried out organizational and talent inventory, and adopted comprehensive assessment of performance and capability to retain reserve talents for key positions of the Company.

The Company has conducted the classified management for talents, provided the appropriate promotion, salary adjustment, job transfer, training and other development plans according to the talent situation, carried out internal personnel selection according to the business development, and built a broader platform for staff development.

Benefiting from the strong information system and management accounting system, the Company has developed a monthly comprehensive quantitative performance appraisal system for staff at the manager-level and above, determining their rewards completely based on objective data. In addition to cash bonus, the Company has developed the share option incentive scheme covering all officers at the manager level and above. During the Review Period, the Company granted 4,385,200 share options to 1,027 officers at the manager level and above (the Company granted 6,388,000 share options to 917 officers at the manager level and above in the Last Corresponding Period).

3.4 Work-Life Balance

The Group has been committed to providing employees with ideal working conditions and fully relaxing rest environment. In the staff living area of major factories, the Company has established Staff Club to offer a variety of sports equipment, cinemas, libraries and other facilities, and regularly held various activities for staff, such as various competitions, training classes and staff evening parties, etc.

During the Review Period, there was no material breach or non-compliance with the applicable laws and regulations that had a significant impact on the Group relating to human resources management, including preventing child or forced labour.

4. PUBLIC WELFARE

The Group has been actively involved in various social welfare activities in different ways to give back to society, such as donations to the Community Chest, the Hong Kong Celebration Association, etc. In addition to donations from time to time, the Group also organizes various volunteering activities for its employees, customers and even suppliers, incorporating social services into the team-building activities. While giving back to society, the Group also improves the quality and the sense of belonging to the Company of its staff.

During the Review Period, the Group donated a total of approximately HK$16,082,000 towards public welfare (approximately HK$12,363,000 in the Last Corresponding Period).

CORPORATE GOVERNANCE PRACTICES

Man Wah Holdings Limited (the "Company") has a policy of seeking to comply with established best practice in corporate governance. The board (the "Board") of directors (the "Directors") of the Company believes that good corporate governance is crucial to improving the efficiency and performance of the Company and its subsidiaries (the "Group") and to safeguarding the interests of its shareholders (the "Shareholders"). Set out below are the principles of corporate governance as adopted by the Company during the year ended 31 March 2021 ("Review Period").

CORPORATE GOVERNANCE CODE

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

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

Under the Code Provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not have any officer with the title of "chief executive officer" before 3 November 2020. Mr. Wong Man Li, who acts as the Chairman and Managing Director of the Company, has been also 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. 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. The Board believes that this structure had allowed the Group to operate efficiently.

On 3 November 2020, Mr. Feng Guohua was appointed as an Executive Director and Chief Executive Officer of the Company and since then the roles and functions of the chairman and chief executive officer have been separated and performed by different individual which is in compliance with Code Provision A.2.1.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as a code of conduct of the Company for Directors' securities transactions. The Company has made specific enquiry of all Directors and the relevant employees regarding any non-compliance with the Model Code during the Review Period, and they all confirmed that they had fully complied with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions. Employees who are deemed to be in possession of unpublished price sensitive information in relation to the Company or its shares are prohibited from dealing in shares of the Company during the black-out period.

CORPORATE GOVERNANCE FUNCTIONS

It is the responsibility of the Board to determine the appropriate corporate governance practices applicable to the Company's circumstances and to ensure relevant processes and procedures are in place to achieve the Company's corporate governance objectives.

The duties of the Board in performing its corporate governance functions under the CG Code include:

1. to develop and review the Company's policies and practices on corporate governance;

2. to review and monitor the training and continuous professional development of Directors and senior management of the Company;

3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

4. to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors of the Company; and

5. to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

During the Review Period, the Board in particular considered the following corporate governance issues:

(i) to review the Terms of Reference and Proceedings of the Board;

(ii) to review the Terms of References of the Audit Committee and Remuneration Committee;

(iii) to review the Terms of Reference of the Nomination Committee;

(iv) to review the Shareholders' Communication Policy and Procedures for Shareholders to propose a person for election as a Director;

(v) to review the Policy for the employees to raise concerns about possible improprieties; and

(vi) to review the effectiveness of the internal controls and risk management systems of the Company through the Audit Committee.

SHAREHOLDERS' MEETINGS

The annual general meeting and other general meetings of the Company are the primary forum for communication by the Company with the Shareholders and for Shareholders' participation. All Shareholders are encouraged to attend the general meetings or to appoint proxies to attend and vote at meetings on their behalf if they are unable to attend the meetings.

During the Review Period, apart from the annual general meeting and special general meeting, both held on 3 July 2020, the Company has not held any other general meeting.

Attendance records

During the Review Period, the annual general meeting and special general meeting were held and the attendance records are as follows:

Board	Meetings attended/ Eligible to attend Annual General Meeting	Meetings attended/ Eligible to attend Special General Meeting
Executive Directors		
Mr. Wong Man Li *(Chairman and Managing Director)*	1/1	1/1
Ms. Hui Wai Hing	1/1	1/1
Mr. Feng Guohua *(Chief Executive Officer)* (Appointed on 3 November 2020)	0/0	0/0
Mr. Alan Marnie	1/1	1/1
Mr. Dai Quanfa	1/1	1/1
Ms. Wong Ying Ying	1/1	1/1
Ms. Yang Huiyan (Resigned on 31 December 2020)	1/1	1/1
Independent Non-executive Directors		
Mr. Chau Shing Yim, David	1/1	1/1
Mr. Ong Chor Wei	1/1	1/1
Mr. Kan Chung Nin, Tony	1/1	1/1
Mr. Ding Yuan	1/1	1/1

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

The Company has provided funds to encourage the Directors to participate in professional development courses and seminars to develop and refresh their knowledge and skills. During the Review Period, regulatory updates and relevant materials on amendment of Listing Rules were sent to the Directors for their awareness of the latest development on statutory requirements.

The training each Director received during the Review Period is summarized as below:

Name of Director	Reading materials regarding regulatory update and corporate governance matters	Attending seminars/ in-house workshops relevant to the Company's business, Listing Rules compliance and risk management
Executive Directors		
Mr. Wong Man Li	✓	✓
Ms. Hui Wai Hing	✓	✓
Mr. Feng Guohua (Appointed on 3 November 2020)	✓	✓
Mr. Alan Marnie	✓	✓
Mr. Dai Quanfa	✓	✓
Ms. Wong Ying Ying	✓	✓
Ms. Yang Huiyan (Resigned on 31 December 2020)	✓	✓
Independent non-executive Directors		
Mr. Ong Chor Wei	✓	✓
Mr. Chau Shing Yim, David	✓	✓
Mr. Kan Chung Nin, Tony	✓	✓
Mr. Ding Yuan	✓	✓

BOARD OF DIRECTORS

As at 31 March 2021, the Board comprised six executive Directors and four independent non-executive Directors (the "INEDs"). The list of Directors is set out in the section headed "Directors' Report" of this annual report.

The Board has a balance of skills and experience appropriate for the requirements of the business of the Company. The Directors' biographical information is set out in the section headed "Directors' Biographies" of this annual report.

Save for the Directors' business relationships as a result of their respective directorships in the Company, the spousal relationship between the executive Directors Mr. Wong Man Li and Ms. Hui Wai Hing, and the family relationship between Mr. Wong Man Li, Ms. Hui Wai Hing and Ms. Wong Ying Ying, as disclosed in each of their respective biographies in the section headed "Directors' Biographies" of this annual report, there are no financial, business, family or other material or relevant relationships among members of the Board and they are independent from each other.

The Board met regularly during the Review Period on an ad-hoc basis as required by business needs. The Board's primary purpose is to set and review the overall strategic development of the Group and to oversee the achievement of the plans to enhance Shareholders' value. Daily operational decisions are delegated to the executive Directors.

Role and function

The Board is responsible for overall strategic formulation and performance monitoring of the Group. It delegates day-to-day operations of the Company to the executive committee of the Board (the "Executive Committee") and senior management within the control and authority framework set by the Board. In addition, the Board has also delegated various responsibilities to each of the Company's audit committee (the "Audit Committee"), remuneration committee (the "Remuneration Committee") and nomination committee (the "Nomination Committee"). Further details of these committees are set out in the sections headed "Audit Committee", "Remuneration Committee" and "Nomination Committee" below.

Board meetings

The Board has four scheduled meetings a year. Additional meetings would be arranged if and when required. The Directors can attend meetings in person or through other means of electronic communication in accordance with the bye-laws of the Company (the "Bye-laws").

The company secretary of the Company (the "Company Secretary") assists the Chairman in drawing the agenda of each meeting and each Director may request inclusion of matters in the agenda. Generally, at least 14 days' notice of a regular Board meeting is given and the Company aims at giving reasonable notice for all other Board meetings. The Company also aims at sending the agenda and the accompanying board papers, which are prepared in such form and quality as will enable the Board to make an informed decision on matters placed before it, to all Directors at a reasonable time before the intended date of a Board meeting.

All Directors have access to the Company Secretary who is responsible for ensuring that Board procedures are complied with and all applicable rules and regulations are followed.

The Company Secretary is responsible for taking minutes of Board and Board committee meetings, drafts and final versions of which would be sent to Directors for comments and records respectively, in both cases within a reasonable time after each meeting. Minutes are recorded in sufficient detail the matters considered by the Board and decisions reached, including any concerns raised by Directors or dissenting views (if any) expressed. Minutes of the Board and Board committees' meetings are kept by the Company Secretary and are open for inspection by any Director or committee member.

If a substantial shareholder of the Company or a Director has a conflict of interest in a matter (including material transaction with connected persons) which the Board has determined to be material, a Board meeting will be held instead of by way of resolution.

Attendance records

During the Review Period, a total of seven Board meetings were held and the attendance records are as follows:

Board	**Meetings attended/ Eligible to attend**
Executive Directors	
Mr. Wong Man Li *(Chairman)*	7/7
Ms. Hui Wai Hing	7/7
Mr. Feng Guohua *(Chief Executive Officer)* (Appointed on 3 November 2020)	4/4
Mr. Alan Marnie	7/7
Mr. Dai Quanfa	7/7
Ms. Wong Ying Ying	7/7
Ms. Yang Huiyan (Resigned on 31 December 2020)	5/5
Independent Non-executive Directors	
Mr. Chau Shing Yim, David	7/7
Mr. Ong Chor Wei	7/7
Mr. Kan Chung Nin, Tony	7/7
Mr. Ding Yuan	7/7

Access to information

The Directors may seek independent professional advice in appropriate circumstances, at the Company's expenses. The Company will, upon request, provide separate independent professional advice to Directors to assist the relevant Directors to discharge their duties to the Company.

The Board is supplied with relevant information by the senior management pertaining to matters to be brought before the Board for decision as well as reports relating to operational and financial performance of the Group before each Board meeting. Where any Director requires more information than is volunteered by the management, each Director has the right to separately and independently access to the Company's senior management to make further enquiries if necessary.

Appointments and re-election of Directors

Directors were nominated by members of the Board during the year to fill casual vacancies or as an addition to existing Board. The Nomination Committee, in consultation with the Board, determines the selection criteria and identifies candidates with the appropriate expertise and experience for the appointments of new Directors. The Nomination Committee then nominates the most suitable candidate to be appointed to the Board.

According to the Bye-laws, any Director so appointed by the Board shall hold office, in the case of filling a casual vacancy, only until the next following general meeting of the Company or, in the case of an addition to their number, until the next following annual general meeting of the Company who shall then be eligible for re-election at such general meeting. Every Director (including the NED and INEDs) is appointed for a specific term and is subject to retirement by rotation at least once every three years.

Every newly appointed Director will be given an introduction of regulatory requirements. The Directors are continually updated on the latest development of the Listing Rules and other applicable statutory requirements to ensure compliance and upkeep of good corporate governance practice.

Independent Non-executive Directors

Pursuant to Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules, the Company has appointed four independent non-executive Directors for a term of three years. Two of the INEDs, Mr. Chau Shing Yim, David and Mr. Ong Chor Wei, have appropriate professional qualifications or accounting or related financial management expertise. Every Director is subject to retirement by rotation at least once every three years in accordance with the Bye-laws.

The INEDs are considered by the Board to be independent of the management and free of any relationship that could materially interfere with the exercise of their independent judgments. The Board considered that each of the INEDs brings his own relevant expertise to the Board and its deliberations. None of the INEDs has any business or financial interests with the Group nor has any relationship with other Directors.

Directors' and Auditors' Responsibilities for Accounts

The Directors' responsibilities for the accounts and the responsibilities of the external auditor to the Shareholders are set out on page 62 of this annual report.

Board Committees

The Board has established the following committees to oversee particular aspects of the Company's affairs and to assist in the execution of the Board's responsibilities. All committees have their own terms of reference. All resolutions passed by the committees will be reported to the Board at the next Board meeting.

Audit Committee

The Audit Committee has been established with specific written terms of reference which deal clearly with its authorities and duties. As at 31 March 2021, the Audit Committee consisted of four INEDs, namely, Mr. Chau Shing Yim, David, Mr. Ong Chor Wei, Mr. Ding Yuan and Mr. Kan Chung Nin, Tony. None of the members of the Audit Committee are former partners of the auditor of the Company within the past financial year. The principal duties of the Audit Committee include, among other things:

- to review the audit plans of the Group's external auditors;
- to review external auditors' reports;
- to review the cooperation given by the Group's officers to the external auditors;
- to review the Group's financial statements before their submission to the Board;
- to review, approve and monitor internal control procedures and risk management systems;
- to review the effectiveness of our internal audit function;
- to review and approve the terms and conditions for all interested person transactions;
- to nominate external auditors for appointment;
- to review and ratify interested person transactions to ensure that they comply with the approved internal control procedures and have been conducted on an arm's length basis; and
- to review the Group's financial and accounting policies and practices.

The Audit Committee has explicit authority to investigate any activity within its terms of reference and the authority to obtain outside legal or other independent professional advice if it considers necessary. It is given access to and assistance from the employees and reasonable resources to discharge its duties properly.

During the Review Period, the Board had no disagreement with the Audit Committee's view on the re-appointment of the external auditor. The financial statements for the Review Period have been reviewed by the Audit Committee.

During the Review Period, two meetings of the Audit Committee were held and the Audit committee's primary responsibilities included, overseeing the relationship with the Company's external auditor, reviewing financial information of the Group, and overseeing of the Group's financial reporting system, internal control procedures and risk management system, and the effectiveness of the Group's internal audit function. The Company has adopted a term of reference of the Audit Committee, which complies with the provisions of the CG Code. The terms of reference of the Audit Committee are available on the Company's website. The members of the Audit Committee during the Review Period and their attendance were as follows:

Audit Committee	**Meetings attended/ Eligible to attend**
Mr. Chau Shing Yim, David *(Chairman)*	2/2
Mr. Ong Chor Wei	2/2
Mr. Ding Yuan	2/2
Mr. Kan Chung Nin, Tony	2/2

Nomination Committee

The Nomination Committee has been established with specific written terms of reference which deal clearly with its authorities and duties. As at 31 March 2021, the Nomination Committee consisted of three INEDs, namely, Mr. Chau Shing Yim, David, Mr. Kan Chung Nin, Tony and Mr. Ding Yuan, and one executive Directors of the Company, namely, Mr. Wong Man Li. The principal duties of the Nomination Committee include, among other things:

- to nominate the Directors having regard to the Directors' contribution and performance;
- to determine on an annual basis whether or not a Director is independent;
- to review the Company's board diversity policy and the progress on achieving the objectives set for implementing the said policy;
- to decide whether or not a Director is able to and has been adequately carrying out his duties as a Director; and
- to review and assess the adequacy of the corporate governance guidelines of the Company and to recommend any proposed changes to the Board for approval.

The Nomination Committee has adopted a nomination policy (the "Nomination Policy") which sets out the procedures and criteria for the selection, appointment and reappointment of Directors. In evaluating and selecting a candidate for directorship, the Nomination Committee has to consider, among others, character and integrity, willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committees of the Company, diversity including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service; and such other relevant factors that the Nomination Committee may consider appropriate.

The Board has adopted a board diversity policy (the "Board Diversity Policy") which sets out the approach to achieve diversity on the Board. The Company aims to achieve that the Board has a balance of skills, experience and diversity of perspectives appropriate to meet the requirements of its business. Board appointments will be based on merit, and candidates will be considered against objective criteria, having due regard to the benefit of diversity on the Board including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The Nomination Committee will give adequate consideration to these measurable objectives when making recommendations of candidates for appointment to the Board.

The Nomination Committee has designed measurable goals according to four major aspects (namely, the age, professional qualification, term of service and independence) for purposes of implementing the Board Diversity Policy and considered that these goals have been achieved satisfactorily during the year. The relevant goals will be reviewed from time to time so as to ensure its appropriateness and its progress for achieving such goals. The Nomination Committee will review the Board Diversity Policy from time to time (if appropriate) to ensure that such Policy continues to be effective. Or at present, the Nomination Committee has not set any measurable objectives to implement its Board Diversity Policy. However, it will consider and review the Board Diversity Policy and setting of any measurable objectives from time to time.

Where vacancies exist at the Board, candidates are proposed and put forward to the Nomination Committee for consideration. The recommendations of the Nomination Committee will then be tendered to the Board for approval. In considering the nomination of a new Director, the Nomination Committee will take into account the qualification, ability, working experience, leadership and professional ethics of the candidates. In determining the independence of Directors, the Board follows the requirements set out in the Listing Rules.

The Nomination Committee has explicit authority to seek any necessary information from the employees within its scope of duties and the authority to obtain outside independent professional advice if it considers necessary.

During the Review Period, one meeting of the Nomination Committee was held and the Nomination Committee reviewed the structure of the Board and determined the policy for the nomination of Directors.

The members of the Nomination Committee during the Review Period and their attendance were as follows:

Nomination Committee	**Meetings attended/ Eligible to attend**
Mr. Wong Man Li *(Chairman)*	1/1
Mr. Chau Shing Yim, David	1/1
Mr. Kan Chung Nin, Tony	1/1
Mr. Ding Yuan	1/1
Ms. Yang Huiyan (resigned on 31 December 2020)	1/1

Remuneration Committee

The Remuneration Committee has been established with specific written terms of reference which deal clearly with its authorities and duties. As at 31 March 2021, the Remuneration Committee consisted of three INEDs, namely, Mr. Ding Yuan, Mr. Chau Shing Yim, David and Mr. Kan Chung Nin, Tony, and one executive Directors of the Company, namely, Mr. Wong Man Li. The principal duties of the Remuneration Committee include, among other things:

- to review the remuneration of the executive Directors and to provide a greater degree of objectivity and transparency in the setting of remuneration; and
- to assess performance of the executive Directors and determine specific remuneration packages for each executive Director and the Group's Managing Director.

The Remuneration Committee may consult the Chairman about their proposals relating to the remuneration of other executive Directors. The Remuneration Committee takes into consideration industry practices and norms in compensation, in addition to the performance relative to the industry and the performance of the individual Directors. The Company reviews the remuneration package annually taking into consideration of the market practice, competitive market position and individual performance.

During the Review Period, one meeting of the Remuneration Committee was held. The work done by the Remuneration Committee during the Review Period included the following:

(i) to determine the policy for the remuneration of executive Directors;
(ii) to assess performance of executive Directors; and
(iii) to approve the terms of an executive Director's service contract.

In order to attract, retain, and motivate executives and key employees serving the Group, the Company has adopted a share option scheme in July 2020. The incentive scheme enables the eligible persons to obtain an ownership interest in the Company and thus to reward the participants who contribute to the success of the Group's operations.

Details of the remuneration of the Directors of the Company for the Review Period are set out in note 10 to the consolidated financial statements and details of the share option scheme and share award scheme are set out in note 29 to the consolidated financial statements.

The members of the Remuneration Committee during the Review Period and their attendance were as follows:

Remuneration Committee	**Meetings attended/ Eligible to attend**
Mr. Ding Yuan *(Chairman)*	2/2
Mr. Wong Man Li	2/2
Mr. Chau Shing Yim, David	2/2
Mr. Kan Chung Nin, Tony	2/2
Ms. Yang Huiyan (resigned on 31 December 2020)	1/1

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company recognises the importance of open communication and fair disclosure. It is the Company's policy to ensure that all shareholders are equally informed of all major corporate developments.

All shareholders have proper notice of any general meeting of the Company at which the Directors and the committees' members are available to give explanation on any query raised by the shareholders. Major information of the Company could be obtained from the Company's website or financial reports and circulars sent to the shareholders. Any enquiries by the shareholders requiring the Board's attention can also be sent in writing to the Investor Relations Manager of the Company whose contact details are set out in the paragraph headed "Shareholders' rights – (c) Right to put enquiries to the Board" below.

Resolutions put to the vote at the general meetings of the Company shall be decided on a poll, save that the chairman of the meeting may in good faith allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Procedures for conducting a poll will be explained to the shareholders at each general meeting and questions from shareholders regarding the voting procedures will be answered. The poll results will be posted on the websites of the Stock Exchange and the Company respectively in the manner prescribed under the Listing Rules.

As part of a regular program of investor relations, senior executives may hold briefings or road shows after the results announcement and attend conferences with institutional investors and analysts to engage in two-way communications on Company's performance, objectives and developments. Company visits can be arranged upon specific request.

Shareholders' rights

(a) Right to convene special general meeting

Bye-laws

(i) Bye-law 62 provides that the board of Directors may, whenever it thinks fit a special general meeting ("SGM"), as provided by the Companies Act (as defined therein), or, in default, may be convened by the requisitionists.

Companies Act

(ii) Pursuant to section 74 of the Companies Act, a Shareholder or Shareholders holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company may requisition the directors of the Company (the "Directors" and each a "Director") to forthwith proceed duly to convene an SGM by depositing a written requisition at the registered office of the Company.

(iii) The written requisition must state the purposes of the meeting (including the resolutions to be considered at the meeting), signed by the requisitionists, deposited at the registered office of the Company at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and may consist of several documents in like form each signed by one or more requisitionists.

(iv) If the Directors do not within twenty-one days from the date of the deposit of the requisition proceed duly to convene an SGM, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene an SGM, but any SGM so convened shall not be held after the expiration of three months from the date of deposit of the requisition.

(v) An SGM so convened by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the Directors.

(b) Right to put forward proposals at general meetings
Companies Act

(i) Sections 79 and 80 of the Companies Act allow certain Shareholder(s) to requisition the Company to give notice to the shareholders in respect of any resolution which is intended to be moved at an annual general meeting ("AGM") of the Company or circulate a statement in respect of any proposed resolution or business to be considered at a general meeting of the Company. Under section 79 of the Companies Act, at the expense of the requisitionists unless the Company otherwise resolves, it shall be the duty of the Company on the requisition in writing by such number of Shareholders:

(a) to give to the Shareholders entitled to receive notice of the next AGM notice of any resolution which may properly be moved and is intended to be moved at that meeting;

(b) to circulate to the Shareholders entitled to have notice of any general meeting sent to them any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

(ii) The number of Shareholders necessary to make the above-mentioned requisitions to the Company shall be:

(a) either any number of Shareholders representing not less than one-twentieth of the total voting rights of all the Shareholders having at the date of the requisition a right to vote at the meeting to which the requisition relates; or

(b) not less than one hundred Shareholders.

(iii) Notice of any such intended resolution shall be given, and any such statement shall be circulated, to Shareholders entitled to have notice of the meeting sent to them by serving a copy of the resolution or statement on each such Shareholder in any manner permitted for service of notice of the meeting, and notice of any such resolution shall be given to any other Shareholder by giving notice of the general effect of the resolution in any manner permitted for giving him notice of meeting of the Company, provided that the copy shall be served, or notice of the effect of the resolution shall be given, as the case may be, in the same manner and, so far as practicable, at the same time as notice of the meeting and, where it is not practicable for it to be served or given at that time, it shall be served or given as soon as practicable thereafter.

(iv) Section 80 of the Companies Act sets out the conditions to be met before the Company is bound to give any notice of resolution or to circulate any statement. Pursuant to section 80 of the Companies Act, the Company shall not be bound to give notice of any resolution or to circulate any statement as mentioned in paragraph (b)(i) above unless:

(aa) a copy of the requisition signed by the requisitionists, or two or more copies which between them contain the signatures of all the requisitionists, is deposited at the registered office of the Company:

(i) in the case of a requisition requiring notice of a resolution, not less than six weeks before the meeting; and

(ii) in the case of any other requisition, not less than one week before the meeting; and (bb) there is deposited or tendered with the requisition a sum reasonably sufficient to meet the Company's expense in giving effect to the procedures in paragraph (b)(i) above (i.e. the giving of notice of resolution and/or circulation of statement).

Provided that if, after a copy of the requisition requiring notice of a resolution has been deposited at the registered office of the Company, an AGM is called for a date six weeks or less after the copy has been deposited, the copy though not deposited within the above-mentioned time shall be deemed to have been properly deposited for the purposes thereof.

(c) Right to put enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing for the attention of the Investor Relations Manager of the Company whose contact details are as follows:

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

Fax: (852) 2712 0630

Email: ir@manwahgroup.com

The Investor Relations Manager of the Company shall forward the Shareholders' enquiries and concerns to the Board and/or relevant committees of the Board to answer the Shareholders' questions where appropriate.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Insurance cover has been arranged for Directors' and Officers' Liability to provide adequate cover, as determined by the Board, in respect of the Board members and senior management members of the Company. Such insurance has also been renewed before 31 March 2021 with a term from 1 April 2021 until 31 March 2022.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is of the opinion that sound internal control and risk management systems will contribute to the effectiveness and efficiency of the operations of the Group and to the safeguard of the Group's assets as well as the Shareholders' investment.

The Company improves its business and operational activities by identifying the areas of significant business risks via a regular review and taking appropriate measures to control and mitigate these risks. The management of the Company reviews all significant control policies and procedures and highlights all significant matters to the Board and Audit Committee annually.

The Board is responsible for overall ensuring, maintaining and overseeing the internal control systems of the Group. The Executive Committee helps the Board to discharge its responsibilities of ensuring and maintaining sound internal control functions by reviewing and monitoring the internal control systems and processes annually so as to ensure that they can provide reasonable assurance against material errors of the Group. The Company has an internal audit function.

The Board has reviewed the effectiveness of the risk management and internal control systems and considers the risk management and internal control systems effective and adequate.

COMPANY SECRETARY

Ms. Fu Ying was the Company Secretary of the Company. Ms. Fu Ying reported to the Chairman of the Company and is responsible for advising the Board on corporate governance matters. Ms. Fu Ying has confirmed that she has taken no less than 15 hours of relevant professional training during the Review Period.

AUDITOR'S REMUNERATION

The Audit Committee is responsible for considering the appointment of the external auditor.

During the Review Period, the remuneration paid or payable to the Company's auditor, Messrs. PricewaterhouseCoopers ("**PwC**"), is set out as follows:

Services rendered	**Paid/payable fee** HK$'000
Statutory audit services — PwC	2,900
Non-statutory audit services: Review of interim financial information	600
	3,500

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing financial statements of the Group which give a true and fair view of the state of affairs of the Group on a going concern basis and in presenting the financial statements, announcements and other financial disclosures required under the Listing Rules, the Directors aim to present a balanced, clear and understandable assessment of the Group's position and prospects.

The directors (the "Directors") of Man Wah Holdings Limited (the "Company") present this annual report and the audited consolidated financial statements of the Company for the Review Period.

BUSINESS REVIEW

A fair review of the Group's business, an indication of likely future development in the Group's business, an analysis using financial key indicators as required by Schedule 5 to the Hong Kong Companies Ordinance (Cap. 622) can be found in the "Chairman's Statement" and "Management Discussion and Analysis" section, which form part of this Directors' Report of this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE COMPANY

The followings are part of the key risks and uncertainties identified by the Group. There may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

Competition

The products of the Group are sold in over 60 countries. The Group needs to compete with global sofa manufacturers as well as a lot of local players. Advantages in cost control, design, quality and service are the core advantages of the Group, and if they cannot be maintained, the Group's market share in major markets may decrease.

Macroeconomic environment

Currently, the Group's products are mainly sold in North America, China, Europe and other markets. Any negative macroeconomic change in its major markets may affect its sales growth or margins adversely. The Group needs to keep increasing its key competences to reduce possible impacts from macroeconomy.

Besides, overseas transportation cost is one of the most important expense elements of the Group. Change of global economy plays a significant role in affecting shipping rate, which consequently may affect the Group's profitability or revenue growth.

Supply chain

For sofa production, the Group needs to source leather, wood, chemical materials from global market. It needs to plan carefully in advance on quantity, delivery time, material specifications etc. with its major suppliers. This will help it to match the delivery of materials with its production plan, try to avoid waiting time of its factories or customers. At the same time, the Group needs to keep its inventory level as low as possible to control cost. Any disruption in supply chain may cause the increase of production cost or delay in delivery to its customers. In order to lower the risk from supply chain, the Group has set up a comprehensive planning system for material procurement. At the same time, for each major material, the Group has at least two qualified suppliers and keeps reviewing the competency of suppliers on timely basis.

CORPORATE REORGANISATION

The Company was incorporated with limited liability in Bermuda.

The shares ("Shares") of the Company were listed on the main board of the Stock Exchange with effect from 9 April 2010.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 35 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Company and together with its subsidiaries (referred to as the "Group") for the Review Period are set out in the consolidated statement of comprehensive income on page 64 of this annual report.

An interim dividend of HK10.0 cents per Share amounting to approximately HK$380,360,000 were paid to the shareholders of the Company ("Shareholders") during the Review Period. The Directors recommend the payment of a final dividend of HK16.0 cents per Share to the Shareholders on the register of members on Monday, 13 July 2021, amounting to approximately HK$633,519,000.

PROPERTY, PLANT AND EQUIPMENT

During the Review Period, the Group revalued all of its investment properties as at 31 March 2021. The net increase in fair value of investment properties, which has been credited directly to consolidated statement of comprehensive income, amounted to approximately HK$238,000.

Details of movements during the Review Period in the property, plant and equipment of the Group are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of movements during the Review Period in the share capital of the Company are set out in note 28 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to Shareholders as at the end of the Review Period were as follows:

	2021 **HK$'000**	2020 HK$'000
Contributed surplus	**2,374,931**	–
Retained earnings	**473,229**	621,348
	2,848,160	621,348

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

DIRECTORS

The Directors of the Company during the Review Period and up to the date of this annual report were:

Executive Directors:
Mr. Wong Man Li *(Chairman)*
Ms. Hui Wai Hing
Mr. Feng Guohua *(Chief Executive Officer)* (appointed on 3 November 2020)
Mr. Alan Marnie
Mr. Dai Quanfa
Ms. Wong Ying Ying
Ms. Yang Huiyan (resigned on 31 December 2020)

Independent Non-executive Directors:
Mr. Chau Shing Yim, David
Mr. Ong Chor Wei
Mr. Kan Chung Nin, Tony
Mr. Ding Yuan

In accordance with bye-law 99 of the Company's bye-laws, Mr. Feng Guohua and Ms. Wong Ying Ying will retire by rotation. Mr. Ding Yuan and Mr. Ong Chor Wei all being eligible, will offer themselves for re-election at the forthcoming annual general meeting to be held on Friday, 2 July 2021.

DIRECTORS' SERVICE CONTRACTS

No Directors being proposed for re-election at the forthcoming annual general meeting of the Company has a service contract with the Company or its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN SECURITIES

As at 31 March 2021, the interests of the Directors, chief executives and their associates 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 ("SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix 10 to the Listing Rules were as follows:

Long positions in 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[1]
Mr. Wong Man Li	Interest in controlled corporation	2,362,336,800[2]	59.67%
	Interest of spouse	2,517,600[2]	0.06%
	Beneficial owner	3,052,000[2]	0.08%
Ms. Hui Wai Hing	Beneficial owner	2,517,600[3]	0.06%
	Interest of spouse	2,365,388,800[3]	59.75%
Mr. Alan Marnie	Beneficial owner	800,000[4]	0.02%
Mr. Dai Quanfa	Beneficial owner	980,800[5]	0.02%
Ms. Wong Ying Ying	Beneficial owner	2,181,200[6]	0.06%

Notes:

1. The percentage of the Company's issued share capital is based on the 3,958,795,200 Shares issued as at 31 March 2021.

2. These 2,362,336,800 Shares were beneficially owned by Man Wah Investments Limited which, in turn, was owned by Mr. Wong Man Li and Ms. Hui Wai Hing as to 80% and 20%, respectively. Mr. Wong was therefore deemed to be interested in the entire 2,362,336,800 Shares held by Man Wah Investments Limited. Mr. Wong also held 2,501,200 Shares and 550,800 share options granted to him under the Share Option Schemes (as defined below), respectively. Upon exercise of those share options, Mr. Wong would directly own an aggregate of 3,052,000 Shares. Mr. Wong was also deemed, under Part XV of the SFO, to be interested in the 2,517,600 Shares in which Ms. Hui Wai Hing, the spouse of Mr. Wong, had a long position.

3. These 2,517,600 Shares represented the 2,196,400 Shares and the 321,200 underlying Shares upon the exercise of share options granted to Ms. Hui under the Share Option Schemes, respectively. Upon exercise of the Share Options, Ms. Hui would own an aggregate of 2,517,600 Shares. Ms. Hui was also deemed, under Part XV of the SFO, to be interested in the 2,365,388,800 Shares in which Mr. Wong Man Li, the spouse of Ms. Hui, was interested.

4. This figure represents the aggregate number of 800,000 Shares interested in by Mr. Marnie by virtue of SFO.

5. This figure represents the aggregate number of 630,800 Shares held by Mr. Dai and 350,000 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 1,943,600 Shares held by Ms. Wong and 237,600 underlying shares upon the exercise of share options granted to Ms. Wong under the Share Option Schemes.

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 ordinary shares held	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 31 March 2021, none of the Directors, chief executives of the Company nor their 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 during the Review Period.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than shareholdings disclosed above, at no time during the year ended 31 March 2021 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2021, the register of substantial Shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain Directors, the following Shareholders had notified the Company of relevant interests in the issued share capital of the Company.

Long position in shares and underlying shares of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Approximate percentage of the issued share capital of the Company[1]
Man Wah Investments Limited	Beneficial owner	2,362,336,800	59.67%

Notes:

1. The percentage of the Company's issued share capital is based on the 3,958,795,200 Shares issued as at 31 March 2021.

Save as disclosed above, as at 31 March 2021, 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 OPTION SCHEME

On 3 July 2020, a share option scheme (the "Share Option Scheme") which complies with the requirements of Chapter 17 of the Listing Rules was adopted by the shareholders of the Company, which will expire on 2 July 2030.

The purpose of the Share Option Scheme is to enable the Company to grant share options to selected participants as incentives or rewards for their contributions to the Company and/or its subsidiaries and/or its associated companies. The Share Option Scheme is in force for a period of 10 years commencing on 3 July 2020, being the date of adoption of the Share Option Scheme, and will expire on 2 July 2030.

The purpose of the Share Option Scheme is to reward Participants who have contributed to the Group and to encourage eligible participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole.

Under the Share Option Scheme, the Directors may, at their discretion, offer Directors (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any member of the Group who, in the sole discretion of the Directors, will contribute or have contributed to the Group, share options to subscribe for shares of the Company. The maximum number of shares of the Company issued and to be issued upon the exercise of share options granted under the Share Option Scheme (including exercised and outstanding share options) to each grantee in any 12-month period up to the date of grant shall not exceed 1% of the issued shares of the Company as at the date of grant. Any further grant of share options in excess of this limit is subject to the Company's shareholders' approval in a general meeting. In addition, any share options granted to a substantial shareholder or an independent non-executive Director of the Company, or to any of their respective associates, in excess of in aggregate 0.1% of the shares of the Company in issue (based on the date of grant) and an aggregate value of HK$5,000,000 (based on the closing price of the Company's shares at the date of grant), within any 12-month period, are subject to shareholders' approval in advance in a general meeting. Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to prior approval in advance by the independent non-executive Directors of the Company (excluding independent non-executive Directors who are the proposed grantees of the share options in questions).

The period during which a share option may be exercised will be determined by the Directors at their absolute discretion, save that no share option may be exercised more than 10 years after it has been granted under the Share Option Scheme. There is no requirement that a share option must be held for any minimum period before it can be exercised but the Directors are empowered to impose at their discretion any such minimum period at the time of grant of any share options.

The exercise price in relation to each share option will be determined by the Company's directors at their absolute discretion and shall not be less than the highest of (i) the closing price of the shares of the Company as stated in the daily quotation sheet of the Stock Exchange on the date of grant; (ii) the average closing prices of the shares of the Company as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of the share of the Company on the date of grant. Each of the grantees is required to pay HK$1 as consideration for the grant of share options in accordance with the Share Option Scheme. The offer of share options must be accepted within 28 days from the date of the offer.

Share options do not confer rights on the holders to dividends or to vote at general meetings.

The maximum number of shares of the Company available for issuance upon exercise of all shares options which may be granted under the Share Option Scheme is 379,912,520. The Company had granted options for a total of 4,385,200 shares to certain Directors and employees of the Groups under the Share Option Scheme on 3 February 2021. As at 31 March 2021, the available unissued shares under the mandate limit of the Share Option Scheme is 375,527,320 shares, representing approximately 9.49% of the issued shares of the Company as at 31 March 2021.

SHARE OPTIONS

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

						Number of Share Options[1]				
Grantee	Date of grant[2]	Vesting period	Exercisable period	Exercise price per share	Adjusted Exercise price	Outstanding at 1.4.2020	Granted during the Review Period	Cancelled/ Lapsed during the Review Period	Exercised during the Review Period	Outstanding at 31.3.2021
Mr. Wong Man Li	13.1.2017	13.1.2017–12.1.2019	13.1.2019–12.1.2021	5.17	N/A	74,000	–	–	(74,000)	–
		13.1.2017–12.1.2020	13.1.2020–12.1.2022	5.17	N/A	74,000	–	–	–	74,000
		13.1.2017–12.1.2021	13.1.2021–12.1.2023	5.17	N/A	73,200	–	–	–	73,200
	12.2.2018	12.2.2018–11.2.2020	12.2.2020–11.2.2022	7.18	N/A	40,400	–	–	–	40,400
		12.2.2018–11.2.2021	12.2.2021–11.2.2023	7.18	N/A	40,400	–	–	–	40,400
		12.2.2018–11.2.2022	12.2.2022–11.2.2024	7.18	N/A	40,400	–	–	–	40,400
	28.1.2019	28.1.2019–27.1.2021	28.1.2021–27.1.2023	3.91	N/A	60,400	–	–	–	60,400
		28.1.2019–27.1.2022	28.1.2022–27.1.2024	3.91	N/A	60,400	–	–	–	60,400
		28.1.2019–27.1.2023	28.1.2023–27.1.2025	3.91	N/A	60,400	–	–	–	60,400
	17.1.2020	17.1.2020–16.1.2022	17.1.2022–16.1.2024	6.53	N/A	23,600	–	–	–	23,600
		17.1.2020–16.1.2023	17.1.2023–16.1.2025	6.53	N/A	23,600	–	–	–	23,600
		17.1.2020–16.1.2024	17.1.2024–16.1.2026	6.53	N/A	22,800	–	–	–	22,800
	3.2.2021	3.2.2021–2.2.2023	3.2.2023–2.2.2025	19.78	N/A	–	10,400	–	–	10,400
		3.2.2021–2.2.2024	3.2.2024–2.2.2026	19.78	N/A	–	10,400	–	–	10,400
		3.2.2021–2.2.2025	3.2.2025–2.2.2027	19.78	N/A	–	10,400	–	–	10,400
Ms. Hui Wai Hing	27.1.2016	27.1.2016–26.1.2019	27.1.2019–26.1.2021	8.92	4.46	171,200	–	–	(171,200)	–
	13.1.2017	13.1.2017–12.1.2019	13.1.2019–12.1.2021	5.17	N/A	69,200	–	–	(69,200)	–
		13.1.2017–12.1.2020	13.1.2020–12.1.2022	5.17	N/A	69,200	–	–	–	69,200
		13.1.2017–12.1.2021	13.1.2021–12.1.2023	5.17	N/A	68,800	–	–	–	68,800
	12.2.2018	12.2.2018–11.2.2020	12.2.2020–11.2.2022	7.18	N/A	31,200	–	–	–	31,200
		12.2.2018–11.2.2021	12.2.2021–11.2.2023	7.18	N/A	31,200	–	–	–	31,200
		12.2.2018–11.2.2022	12.2.2022–11.2.2024	7.18	N/A	30,400	–	–	–	30,400
	17.1.2020	17.1.2020–16.1.2022	17.1.2022–16.1.2024	6.53	N/A	18,400	–	–	–	18,400
		17.1.2020–16.1.2023	17.1.2023–16.1.2025	6.53	N/A	18,400	–	–	–	18,400
		17.1.2020–16.1.2024	17.1.2024–16.1.2026	6.53	N/A	17,600	–	–	–	17,600
	3.2.2021	3.2.2021–2.2.2023	3.2.2023–2.2.2025	19.78	N/A	–	12,000	–	–	12,000
		3.2.2021–2.2.2024	3.2.2024–2.2.2026	19.78	N/A	–	12,000	–	–	12,000
		3.2.2021–2.2.2025	3.2.2024–2.2.2027	19.78	N/A	–	12,000	–	–	12,000
Mr. Feng Guohua	3.2.2021	3.2.2021–2.2.2023	3.2.2023–2.2.2025	19.78	N/A	–	37,600	–	–	37,600
		3.2.2021–2.2.2024	3.2.2024–2.2.2026	19.78	N/A	–	37,600	–	–	37,600
		3.2.2021–2.2.2025	3.2.2024–2.2.2027	19.78	N/A	–	37,200	–	–	37,200

Grantee	Date of grant[2]	Vesting period	Exercisable period	Exercise price per share	Adjusted Exercise price	Number of Share Options[1] Outstanding at 1.4.2020	Granted during the Review Period	Cancelled/ Lapsed during the Review Period	Exercised during the Review Period	Outstanding at 31.3.2021
Mr. Dai Quanfa	26.1.2016	26.1.2016–25.1.2019	26.1.2019–25.1.2021	8.92	4.46	222,400	–	–	(222,400)	–
	13.1.2017	13.1.2017–12.1.2019	13.1.2019–12.1.2021	5.17	N/A	59,200	–	–	(59,200)	–
		13.1.2017–12.1.2020	13.1.2020–12.1.2022	5.17	N/A	59,200	–	–	(59,200)	–
		13.1.2017–12.1.2021	13.1.2021–12.1.2023	5.17	N/A	59,200	–	–	(59,200)	–
	12.2.2018	12.2.2018–11.2.2020	12.2.2020–11.2.2022	7.18	N/A	42,400	–	–	(42,400)	–
		12.2.2018–11.2.2021	12.2.2021–11.2.2023	7.18	N/A	42,400	–	–	(42,400)	–
		12.2.2018–11.2.2022	12.2.2022–11.2.2024	7.18	N/A	42,000	–	–	–	42,000
	28.1.2019	28.1.2019–27.1.2021	28.1.2021–27.1.2023	3.91	N/A	95,200	–	–	(95,200)	–
		28.1.2019–27.1.2022	28.1.2022–27.1.2024	3.91	N/A	95,200	–	–	–	95,200
		28.1.2019–27.1.2023	28.1.2023–27.1.2025	3.91	N/A	95,200	–	–	–	95,200
	17.1.2020	17.1.2020–16.1.2022	17.1.2022–16.1.2024	6.53	N/A	39,200	–	–	–	39,200
		17.1.2020–16.1.2023	17.1.2023–16.1.2025	6.53	N/A	39,200	–	–	–	39,200
		17.1.2020–16.1.2024	17.1.2024–16.1.2026	6.53	N/A	39,200	–	–	–	39,200
	3.2.2021	3.2.2021–2.2.2023	3.2.2023–2.2.2025	19.78	N/A	–	17,200	–	–	17,200
		3.2.2021–2.2.2024	3.2.2024–2.2.2026	19.78	N/A	–	17,200	–	–	17,200
		3.2.2021–2.2.2025	3.2.2025–2.2.2027	19.78	N/A	–	16,400	–	–	16,400
Ms. Wong Ying Ying	27.1.2016	27.1.2016–26.1.2019	27.1.2019–26.1.2021	8.92	4.46	80,800	–	–	(80,800)	–
	13.1.2017	13.1.2017–12.1.2019	13.1.2019–12.1.2021	5.17	N/A	31,200	–	–	(31,200)	–
		13.1.2017–12.1.2020	13.1.2020–12.1.2022	5.17	N/A	31,200	–	–	–	31,200
		13.1.2017–12.1.2021	13.1.2021–12.1.2023	5.17	N/A	31,200	–	–	–	31,200
	12.2.2018	12.2.2018–11.2.2020	12.2.2020–11.2.2022	7.18	N/A	24,800	–	–	–	24,800
		12.2.2018–11.2.2021	12.2.2021–11.2.2023	7.18	N/A	24,800	–	–	–	24,800
		12.2.2018–11.2.2022	12.2.2022–11.2.2024	7.18	N/A	24,000	–	–	–	24,000
	28.1.2019	28.1.2019–27.1.2021	28.1.2021–27.1.2023	3.91	N/A	22,800	–	–	–	22,800
		28.1.2019–27.1.2022	28.1.2022–27.1.2024	3.91	N/A	22,800	–	–	–	22,800
		28.1.2019–27.1.2023	28.1.2023–27.1.2025	3.91	N/A	22,400	–	–	–	22,400
	17.1.2020	17.1.2020–16.1.2022	17.1.2022–16.1.2024	6.53	N/A	12,800	–	–	–	12,800
		17.1.2020–16.1.2023	17.1.2023–16.1.2025	6.53	N/A	12,800	–	–	–	12,800
		17.1.2020–16.1.2024	17.1.2024–16.1.2026	6.53	N/A	12,800	–	–	–	12,800
	3.2.2021	3.2.2021–2.2.2023	3.2.2023–2.2.2025	19.78	N/A	–	2,000	–	–	2,000
		3.2.2021–2.2.2024	3.2.2024–2.2.2026	19.78	N/A	–	2,000	–	–	2,000
		3.2.2021–2.2.2025	3.2.2025–2.2.2027	19.78	N/A	–	1,200	–	–	1,200

Grantee	Date of grant[2]	Vesting period	Exercisable period	Exercise price per share	Adjusted Exercise price	Number of Share Options[1] Outstanding at 1.4.2020	Granted during the Review Period	Cancelled/ Lapsed during the Review Period	Exercised during the Review Period	Outstanding at 31.3.2021
Other employees	26.1.2016	26.1.2016–25.1.2019	26.1.2019–25.1.2021	8.92	4.46	4,342,400	–	(168,000)	(4,174,400)	–
	13.1.2017	13.1.2017–12.1.2019	13.1.2019–12.1.2021	5.17	N/A	1,244,800	–	(60,800)	(1,184,000)	–
		13.1.2017–12.1.2020	13.1.2020–12.1.2022	5.17	N/A	1,378,800	–	(66,400)	(1,296,000)	16,400
		13.1.2017–12.1.2021	13.1.2021–12.1.2023	5.17	N/A	1,410,000	–	(125,200)	(1,090,400)	194,400
	12.2.2018	12.2.2018–11.2.2020	12.2.2020–11.2.2022	7.18	N/A	1,203,200	–	(48,400)	(1,054,000)	100,800
		12.2.2018–11.2.2021	12.2.2021–11.2.2023	7.18	N/A	1,193,200	–	(82,000)	(626,800)	484,400
		12.2.2018–11.2.2022	12.2.2022–11.2.2024	7.18	N/A	1,074,400	–	(78,000)	–	996,400
	28.1.2019	28.1.2019–27.1.2021	28.1.2021–27.1.2023	3.91	N/A	3,790,800	–	(488,000)	(2,423,200)	879,600
		28.1.2019–27.1.2022	28.1.2022–27.1.2024	3.91	N/A	3,784,000	–	(508,800)	–	3,275,200
		28.1.2019–27.1.2023	28.1.2023–27.1.2025	3.91	N/A	3,604,800	–	(490,000)	–	3,114,800
	17.1.2020	17.1.2020–16.1.2022	17.1.2022–16.1.2024	6.53	N/A	2,141,200	–	(216,800)	–	1,924,400
		17.1.2020–16.1.2023	17.1.2023–16.1.2025	6.53	N/A	2,084,400	–	(209,600)	–	1,874,800
		17.1.2020–16.1.2024	17.1.2024–16.1.2026	6.53	N/A	1,793,600	–	(172,000)	–	1,621,600
	3.2.2021	3.2.2021–2.2.2023	3.2.2023–2.2.2025	19.78	N/A	–	1,526,400	(13,200)	–	1,513,200
		3.2.2021–2.2.2024	3.2.2024–2.2.2026	19.78	N/A	–	1,456,000	(10,800)	–	1,445,200
		3.2.2021–2.2.2025	3.2.2026–2.2.2027	19.78	N/A	–	1,167,200	(3,600)	–	1,163,600
						31,449,200	4,385,200	(2,741,600)	(12,855,200)	20,237,600
exercisable options before 31 March 2021										2,164,400

Notes:

1. Number of shares in the Company over which Share Options granted under the Share Option Schemes are exercisable.

2. The closing price of the Shares immediately before the dates on which the relevant Share Options were granted on (i) 10 February 2015, i.e. on 9 February 2015 was HK$6.41, (ii) 26 January 2016, i.e. on 25 January 2016 was HK$8.86, (iii) 27 January 2016, i.e. on 26 January 2016 was HK$8.56, (iv) 26 May 2016, i.e. on 25 May 2016 was HK$9.92, (v) 13 January 2017, i.e. on 12 January 2017 was HK$5.14, (vi) 12 February 2018, i.e. on 11 February 2018 was HK$6.80, (vii) 28 January 2019 i.e. on 25 January 2019 was HK$3.79, (viii) 17 January 2020, i.e. on 16 January 2020 was HK$6.48, and (ix) 3 February 2021, i.e. on 2 February 2021 was HK$19.50.

3. 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.

4. The weighted average closing price immediately before the dates on which the options were exercised was HK$12.28. The gross proceeds received from issuance of shares upon the exercise of Share Options during the Review Period was approximately HK$63,536,000.

On 3 February 2021, 4,385,200 share options were granted. The fair value of the Share Options granted during the year ended 31 March 2021 was HK$21,930,000, which was determined based on binomial option pricing model.

The key valuation parameters are as follows:

	Directors	Staff
Share price at grant date	HK$19.78	HK$19.78
Exercise price	HK$19.78	HK$19.78
Expected volatility	45.724-48.482%	45.724-48.482%
Life of the share options	6 years	6 years
Expected dividend yield	4.241%	4.241%
Risk-free rate	0.342-0.511%	0.342-0.511%
Forfeiture rate	5.714%	1.874%
Suboptimal exercise behaviour multiple	2.8	2.2

Expected volatility is determined by considering the historical share price movement of the Company. Expected dividend yield is determined from the Company's historical payment of dividends. Risk-free rate is determined with reference to Hong Kong Sovereign Bond Curve as extracted from Bloomberg. Forfeiture rate is determined from the Group's historical employee share options exit rate. Suboptimal exercise behaviour multiple is based on the Company's historical employee share options early exercise multiples. The fair value of equity-settled share options is estimated through the use of option valuation models which require various inputs and assumptions. The value of options is subjective and may be uncertain as it is affected by assumptions applied and limitation of the valuation model. Some of the inputs are based on estimates derived from historical information of the Group, such as suboptimal exercise behaviour. In this regard, using different input estimates could produce different option values, which would result in the recognition of a higher or lower expense.

SHARE AWARD SCHEME

The Company adopted a share award scheme (the "Share Award Scheme") on 27 January 2011 (the "Adoption Date") with a duration of 10 years commencing from the Adoption Date. The objective of the Share Award Scheme was to recognise the contributions by certain directors and employees of the Group and to give incentive to them in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group. Please refer to the Company's announcement dated 31 January 2011 for further information on the Share Award Scheme.

As at 31 March 2021, the Share Award Scheme had been expired. No Shares was granted by the Company to any employees of the Company or Directors pursuant to the Share Award Scheme during the Review Period.

No Shares were held by the trustee of the Share Award Scheme.

CONFIRMATION OF INDEPENDENCE BY INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of the independent non-executive Directors are independent.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the Review Period, the Company and the Group had continuing connected transactions, certain details of which have been disclosed in the prospectus of the Company dated 18 March 2010 and note 32 to the consolidated financial statements. Such continuing connected transactions are exempted from the reporting, announcement, shareholders' approval and annual review requirements under the Listing Rules. Save as the above continuing connected transactions, there were no transactions during the Review Period which need to be disclosed as connected transactions and continuing connected transactions in accordance with the requirements of the Listing Rules.

The Directors consider that those continuing connected party transaction(s) disclosed in note 32 to the consolidated financial statements fall under the definition of "continuing connected transaction(s)" in Chapter 14A of the Listing Rules, which are exempted from the reporting, announcement, shareholders' approval and annual review requirements under the Listing Rules.

DIRECTORS' INTEREST IN TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

Save as disclosed under the section headed "Connected Transactions and Continuing Connected Transactions", no transaction, arrangement or contract of significance, to which any member of our Group was a party, and in which a Director or an entity connected with a Director or the controlling Shareholder of the Company or any of its subsidiaries (if any) had a material interest, whether directly and indirectly, subsisted at the end of 31 March 2021 or at any time during the Review Period.

NON-COMPETITION UNDERTAKING

Each of Man Wah Investments Limited and Mr. Wong Man Li has entered into a deed of non-competition dated 5 March 2010 with the Company, to the effect that each of them will not directly or indirectly participate in, or hold any right or interest, or otherwise be involved in any business which may be in competition with the business of the Group from time to time.

None of the Directors of the Company had an interest in a business which competes with the Company or is likely to compete with the business of the Group.

MAJOR CUSTOMERS AND SUPPLIERS

During the Review Period, sales to the Group's five largest customers and purchases from the five largest suppliers accounted for approximately 11.07% and 17.24% of the total revenue and purchases for the year, respectively. The Group's largest customer accounted for around 3.23% of the total revenue for the year. The Group's largest supplier accounted for around 8.67% of the total purchase for the year.

At no time during the Review Period did a Director, a close associate of a Director or a Shareholder of the Company (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) have an interest in any of the Group's five largest customers or suppliers.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS, SUPPLIERS AND OTHERS

The Group is not aware of any key relationships between itself and its employees, customers, suppliers and others that have a significant impact on the Group and on which the Group's success depends.

RETIREMENT BENEFITS SCHEMES

Details of the retirement benefits schemes are set out in note 10 to the consolidated financial statements.

DONATIONS

During the Review Period, the Group made charitable and other donations amounting to approximately HK$16,082,000 (FY2020: HK$12,363,000).

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2021.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee and the employees' emoluments are determined on the basis of their merit, qualifications and competence.

The emoluments of the Directors of the Company are decided by the Remuneration Committee, having regarded to the Group's operating results, individual performance and comparable market statistics.

The emoluments of the Directors and employees of the Group include a share option scheme and share award scheme, details of which are disclosed in pages 51–55 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as at the date of this annual report.

AUDITOR

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Messrs. PricewaterhouseCoopers as the auditor of the Company.

CHANGE IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, since the publication of the last interim report, the changes in the Director's information are as follows:

Mr. Feng Guohua has been appointed as the executive Director and the Chief Executive Officer of the Company since 3 November 2020.

Ms. Yang Huiyan has resigned from her role as the executive Director and director of certain subsidiaries of the Group on 31 December 2020.

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

A discussion on the environmental policies and performance of the Company can be found in the "Environmental, Social and Governance Report" section, which forms part of this Directors' Report of this annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

During the Review Period, there was no material breach or non-compliance with the applicable laws and regulations that have a significant impact on the Group.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this Annual Report relating to Share Option Schemes and share award scheme, no equity-linked agreements were entered into during the Review Period or subsisted at the end of the Review Period.

TAX RELIEF

The Company is not aware of any information relating to relief from taxation to which its shareholders are entitled by reason of their holding of the shares of the Company.

MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or subsisting during the Review Period.

PERMITTED INDEMNITY PROVISION

The Bye-laws provides that for the time being a director of the Company, every Director shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which he shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of his duty or supposed duty in his office.

On behalf of the board

Wong Man Li
Chairman
14 May 2021

Independent Auditor's Report

羅兵咸永道

To the Shareholders of Man Wah Holdings Limited
(incorporated in Bermuda with limited liability)

OPINION

What we have audited

The consolidated financial statements of Man Wah Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 64 to 139, which comprise:

- the consolidated statement of financial position as at 31 March 2021;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Impairment assessment of goodwill
- Impairment assessment of trade and bills receivables

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of goodwill	
Refer to Notes 2.11 and 2.12 (Accounting policies), Note 4(i) (Critical accounting estimates and assumptions) and Note 17 (Intangible assets) to the consolidated financial statements. We identified the impairment assessment of goodwill as a key audit matter due to the complexity and significant judgement and estimates involved in the goodwill assessment by the management of the Group. The carrying amount of goodwill as at 31 March 2021 was approximately HK$560,519,000. The goodwill impairment assessment involved significant management judgement and estimates in the determination of valuation model and the application of assumptions in the model, including discount rates and revenue growth rates, in estimating the value in use of the cash generating units to which goodwill has been allocated. Based on management's assessment, there is no impairment of goodwill as at 31 March 2021.	Our procedures in relation to the impairment assessment of goodwill included: • Obtaining an understanding of the management's internal control and assessment process of impairment assessment of goodwill and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors. • Assessing the appropriateness of the valuation methodologies used by management based on our industry knowledge and relevant market practice; • Evaluating the assumptions underpinning the discounted cash flow models, including discount rates by comparing rates used by other comparable companies and revenue growth rates by reference to the budget of the Group as well as industry trend; • Considering management's sensitivity analysis with respect to variations of key assumptions adopted, to evaluate the extent to which reasonably possible changes, both individually and in aggregate, would result in outcomes of the impairment assessment; and • Evaluating the historical accuracy of the forecasted future cash flows by comparing them to actual results in the current period and understanding the causes for significant variances, if any. Based on the above, we found management's judgement and estimates involved in the impairment assessment of goodwill to be supportable by available evidence.

Key Audit Matter	How our audit addressed the Key Audit Matter

Impairment assessment of trade and bills receivables

Refer to Notes 2.13 and 2.16 (Accounting policies), Note 3.1 (Credit risk), Note 4(ii) (Critical accounting estimates and assumptions) and Note 22 (Trade and bills receivables) to the consolidated financial statements.

We identified impairment assessment of trade and bills receivables as a key audit matter due to the involvement of significant management judgement and estimates in evaluating the expected credit losses ("ECL") of the Group's trade and bills receivables at the end of the reporting period. As at 31 March 2021, the Group's gross trade and bills receivables amounted to approximately HK$1,687,226,000 and the provision for ECL of trade and bills receivable amounted to approximately HK$6,697,000.

Management of the Group estimated the lifetime ECL of trade and bills receivables through grouping of various debtors that have similar loss patterns, after considering credit profile of different customers, repayment history and past due status of respective trade and bills receivables.

Estimated loss rates are based on historical loss rates over the expected life of the trade debtors and are adjusted for forward-looking factors such as changes of macroeconomic. The Group recognised an amount of approximately HK$2,042,000 of provision for impairment of trade and bills receivables during the year ended 31 March 2021.

Our procedures in relation to impairment assessment of trade and bills receivables included:

- Obtaining an understanding of the management's internal control and assessment process of impairment assessment of trade and bills receivables and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors.
- Understanding the key controls of management's assessment over the provision for impairment of trade and bills receivables;
- Testing the trade and bills receivables ageing analysis as at 31 March 2021, on a sampling basis, by comparing individual items in the analysis with the relevant sales agreements, sales invoices and other supporting documents;
- Evaluating management's basis in developing the ECL model;
- Assessing the reasonableness of the historical loss rates used in the ECL model by corroborating the credit profile of the respective customers with their historical settlement pattern; and
- Evaluating the forward-looking information used by management by comparing against publicly available economic information.

Based on the above, we found management's judgement and estimates involved in the impairment assessment of trade and bills receivables to be supportable by available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Kong Ling Yin, Raymond.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 14 May 2021

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
Revenue	5	**16,434,071**	12,144,299
Cost of goods sold	8	**(10,504,964)**	(7,726,600)
Gross profit		**5,929,107**	4,417,699
Other income	6	**511,894**	413,794
Other (losses)/gains, net	7	**(93,713)**	56,724
Selling and distribution expenses	8	**(3,118,564)**	(2,001,747)
Administrative and other expenses	8	**(778,071)**	(622,084)
Operating profit		**2,450,653**	2,264,386
Finance costs	9	**(96,046)**	(155,947)
Share of results of joint ventures		**5,707**	805
Profit before income tax		**2,360,314**	2,109,244
Income tax expense	11	**(336,908)**	(417,247)
Profit for the year		**2,023,406**	1,691,997
Other comprehensive income/(loss):			
Items that may be reclassified to profit or loss:			
Currency translation differences		**546,805**	(559,868)
Other comprehensive income/(loss) for the year		**546,805**	(559,868)
Total comprehensive income for the year		**2,570,211**	1,132,129
Profit for the year attributable to:			
Owners of the Company		**1,924,513**	1,638,069
Non-controlling interests		**98,893**	53,928
		2,023,406	1,691,997
Total comprehensive income for the year attributable to:			
Owners of the Company		**2,439,729**	1,097,813
Non-controlling interests		**130,482**	34,316
		2,570,211	1,132,129
Earnings per share attributable to owners of the Company			
Basic (HK cents per share)	12	**50.26**	42.89
Diluted (HK cents per share)	12	**50.10**	42.87

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

Consolidated Statement of Financial Position

As at 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	**4,774,294**	3,949,987
Investment properties	15	**482,067**	455,215
Right-of-use assets	16	**2,324,072**	2,228,518
Goodwill	17	**560,519**	524,048
Other intangible assets	17	**166,517**	188,440
Interests in joint ventures	18	**55,812**	29,673
Deferred tax assets	19	**42,678**	12,031
Deposits paid for a land lease		**167,311**	3,692
Deposits paid for acquisition of subsidiaries		**244,585**	–
Financial assets at fair value through profit or loss	23	**1,894**	–
Prepayments and deposits paid for acquisition of property, plant and equipment		**126,926**	156,023
		8,946,675	7,547,627
Current assets			
Inventories	20	**2,003,605**	1,532,993
Properties held for sale		**254,779**	48,227
Properties under development	21	**164,498**	149,410
Trade and bills receivables	22	**1,680,529**	1,210,754
Other receivables and prepayments	22	**700,841**	470,341
Financial assets at fair value through profit or loss	23	**372,750**	204,682
Tax recoverable		**6,854**	1,941
Structured deposits		**–**	3,946
Short-term bank deposits	24	**892,066**	–
Restricted bank balances	24	**12,237**	23,636
Cash and cash equivalents	24	**2,404,027**	2,020,245
Total current assets		**8,492,186**	5,666,175
Total assets		**17,438,861**	13,213,802
EQUITY			
Equity attributable to owners of the Company			
Share capital	28	**1,583,518**	1,518,376
Reserves		**9,157,814**	5,185,771
		10,741,332	6,704,147
Non-controlling interests		**663,727**	528,549
Total equity		**11,405,059**	7,232,696

	Notes	2021 HK$'000	2020 HK$'000
LIABILITIES			
Non-current liabilities			
Lease liabilities	16	**20,308**	29,533
Bank borrowings – non-current portion	27	**1,196**	701,786
Deferred tax liabilities	19	**128,854**	128,896
Other non-current liabilities		**1,278**	1,333
		151,636	861,548
Current liabilities			
Trade and bills payables	25	**971,142**	967,090
Other payables and accruals	25	**746,883**	452,160
Lease liabilities	16	**26,419**	28,755
Contract liabilities	26	**363,145**	260,856
Bank borrowings – current portion	27	**3,588,713**	3,277,499
Tax payable		**185,864**	133,198
		5,882,166	5,119,558
Total liabilities		**6,033,802**	5,981,106
Total equity and liabilities		**17,438,861**	13,213,802

The consolidated financial statements on pages 64 to 139 were approved by the Board of Directors on 14 May 2021 and were signed on its behalf.

WONG YING YING
Director

FENG GUOHUA
Director

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

Consolidated Statement of Changes in Equity

For the year ended 31 March 2021

	Attributable to owners of the Company												
	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000 (Note i)	Other reserve HK$'000 (Note ii)	Statutory reserve HK$'000 (Note iii)	Translation reserve HK$'000	Revaluation surplus HK$'000	Shares held under share award scheme HK$'000	Share option reserve HK$'000	Retained earnings HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
Balance at 1 April 2020	1,518,376	–	(16,132)	(11,811)	641,044	(852,485)	37,099	(448)	26,906	5,361,598	6,704,147	528,549	7,232,696
Comprehensive income													
Profit for the year	–	–	–	–	–	–	–	–	–	1,924,513	1,924,513	98,893	2,023,406
Other comprehensive income													
Currency translation differences	–	–	–	–	–	515,216	–	–	–	–	515,216	31,589	546,805
Total comprehensive income	–	–	–	–	–	515,216	–	–	–	1,924,513	2,439,729	130,482	2,570,211
Transactions with owners													
Issuance of ordinary shares, net of transaction costs	60,000	2,302,707	–	–	–	–	–	–	–	–	2,362,707	–	2,362,707
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	4,696	4,696
Recognition of equity-settled share-based payments	–	–	–	–	–	–	–	–	7,509	–	7,509	–	7,509
Issuance of shares upon exercise of share options	5,142	72,224	–	–	–	–	–	–	(13,830)	–	63,536	–	63,536
Transfer to PRC statutory reserves	–	–	–	–	79,064	–	–	–	–	(79,064)	–	–	–
Dividends paid (Note 13)	–	–	–	–	–	–	–	–	–	(836,296)	(836,296)	–	(836,296)
Total transactions with owners	65,142	2,374,931	–	–	79,064	–	–	–	(6,321)	(915,360)	1,597,456	4,696	1,602,152
Balance at 31 March 2021	1,583,518	2,374,931	(16,132)	(11,811)	720,108	(337,269)	37,099	(448)	20,585	6,370,751	10,741,332	663,727	11,405,059

	Attributable to owners of the Company												
	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000 (Note i)	Other reserve HK$'000 (Note ii)	Statutory reserve HK$'000 (Note iii)	Translation reserve HK$'000	Revaluation surplus HK$'000	Shares held under share award scheme HK$'000	Share option reserve HK$'000	Retained earnings HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
Balance at 1 April 2019	1,529,249	70,039	(16,132)	(11,811)	537,591	(312,229)	37,099	(448)	20,462	4,369,417	6,223,237	492,826	6,716,063
Comprehensive income													
Profit for the year	–	–	–	–	–	–	–	–	–	1,638,069	1,638,069	53,928	1,691,997
Other comprehensive loss													
Currency translation differences	–	–	–	–	–	(540,256)	–	–	–	–	(540,256)	(19,612)	(559,868)
Total comprehensive income	–	–	–	–	–	(540,256)	–	–	–	1,638,069	1,097,813	34,316	1,132,129
Transactions with owners													
Repurchase of shares	(13,201)	(95,439)	–	–	–	–	–	–	–	(45,941)	(154,581)	–	(154,581)
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	1,407	1,407
Recognition of equity-settled share-based payments	–	–	–	–	–	–	–	–	9,254	–	9,254	–	9,254
Issuance of shares upon exercise of share options	2,328	25,400	–	–	–	–	–	–	(2,810)	–	24,918	–	24,918
Transfer to PRC statutory reserves	–	–	–	–	103,453	–	–	–	–	(103,453)	–	–	–
Dividends paid (Note 13)	–	–	–	–	–	–	–	–	–	(496,494)	(496,494)	–	(496,494)
Total transactions with owners	(10,873)	(70,039)	–	–	103,453	–	–	–	6,444	(645,888)	(616,903)	1,407	(615,496)
Balance at 31 March 2020	1,518,376	–	(16,132)	(11,811)	641,044	(852,485)	37,099	(448)	26,906	5,361,598	6,704,147	528,549	7,232,696

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

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. It represents the difference between the carrying amount of the net assets of the subsidiaries attributable to the additional interest at the dates of acquisition and the fair value of consideration paid 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.

Consolidated Statement of Cash Flows

For the year ended 31 March 2021

	Note	2021 HK$'000	2020 HK$'000
Cash flows from operating activities			
Cash generated from operations	34(a)	**2,282,969**	3,139,046
Interest paid		**(93,635)**	(154,745)
Interest received		**48,004**	49,555
Income tax paid, net		**(314,951)**	(351,407)
Net cash generated from operating activities		**1,922,387**	2,682,449
Cash flows from investing activities			
Investment in structured deposits		**(16,546,482)**	(6,762,115)
Prepayment for acquisition of subsidiaries		**(244,585)**	–
Payment for acquisition of property, plant and equipment		**(1,266,156)**	(835,930)
Withdrawal of restricted bank balances		**19,358**	304,238
Placement of restricted bank balances		**(7,959)**	(194,760)
Purchase of other intangible assets		**(379)**	(4,966)
Prepayment for leasehold land		**(163,619)**	–
Proceeds on disposal of structured deposits		**16,563,981**	6,762,412
Proceeds from disposal of property, plant and equipment		**82,342**	66,538
Investment in financial assets at fair value through profit or loss		**(357,134)**	–
Placement of short-term bank deposits		**(892,066)**	–
Proceeds from disposal of financial assets at fair value through profit or loss		**125,379**	–
Investment in joint ventures		**(17,762)**	–
Acquisition of subsidiaries, net of cash acquired		**(18,321)**	(21,717)
Net cash used in investing activities		**(2,723,403)**	(686,300)
Cash flows from financing activities			
Dividends paid	13	**(836,296)**	(496,494)
Repurchase of shares		**–**	(154,140)
Repayment of borrowings		**(2,688,984)**	(1,822,009)
New borrowings raised		**2,246,488**	1,299,180
Repayment of an amount due to a non-controlling equity holder of a subsidiary		**–**	(58,309)
Proceeds from issuance of shares upon exercise of share options		**63,536**	24,919
Proceeds from issuance of ordinary shares, net of transaction costs		**2,362,707**	–
Principal elements of lease payments		**(34,426)**	(78,024)
Net cash generated from/(used in) financing activities		**1,113,025**	(1,284,877)
Net increase in cash and cash equivalents		**312,009**	711,272
Cash and cash equivalents at beginning of the year		**2,020,245**	1,438,339
Effect of foreign exchange rate changes		**71,773**	(129,366)
Cash and cash equivalents at end of the year		**2,404,027**	2,020,245

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

1 GENERAL INFORMATION

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

The Company acts as an investment holding company.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(i) New and amended standards adopted by the Group

The Group has applied the following standards and amended standards for the first time for their annual reporting period commencing 1 April 2020:

Amendments to IFRS 3	Definition of a business
Amendments to IAS 1 and IAS 8	Definition of material
Conceptual framework for financial reporting 2018	Revised conceptual framework for financial reporting
IFRS 7, IFRS 9 and IAS 39	Interest rate benchmark reform – amendments to IFRS 7, IFRS 9 and IAS 39

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

2.1 Basis of preparation – continued

(i) New and amended standards adopted by the Group – continued

The adoption of the amendments to standards did not have any material impact on the consolidated financial statements for the current year or any prior years.

(ii) New standards, amendments to standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2021 reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Amendments to IFRS 16	COVID-19-related Rental Concession[1]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform[2]
Amendments to IFRS 37	Onerous Contracts – Cost of Fulfilling a Contract[3]
Amendments to IFRS 3	Reference to Conceptual Framework[3]
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use[3]
IFRS 17	Insurance Contract[4]
Amendments to IAS 1	Presentation of Financial Statements on Classification of Liabilities as Current or Non-current[4]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]

1 Effective for annual periods beginning on or after 1 June 2020
2 Effective for annual periods beginning on or after 1 January 2021
3 Effective for annual periods beginning on or after 1 January 2022
4 Effective for annual periods beginning on or after 1 January 2023
5 Effective date to be determined

2.2 Principles of consolidation and equity accounting

(a) Subsidiaries

Subsidiaries are all entities (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 2.3).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

2.2 Principles of consolidation and equity accounting – continued

(b) Joint arrangements

Under IFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Man Wah Holdings Limited has both joint operations and joint ventures.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.12.

(c) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

2.3 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree at the acquisition date is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors (the "Board") that makes strategic decisions.

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollar ("HK$"), which is the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statements of comprehensive income.

All foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within "other (losses)/gains, net".

(c) Group companies

The results and financial positions of foreign operations (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

2.6 Foreign currency translation – continued

(c) Group companies – continued

(ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold land and buildings and leasehold improvements, the shorter lease term as follows:

Leasehold land and buildings	50 years or over the term of the relevant lease for land, whichever is shorter
Leasehold improvements	5 years or over the term of the relevant lease, whichever is shorter
Plant and machinery	10% – 20%
Furniture, fittings and office equipment	20% – 33%
Motor vehicles	12.5% – 20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

2.8 Investment properties

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties.

Leasehold land is accounted for as investment properties when the rest of the definition of an investment property is met and carried at fair value.

Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, and adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the income statement as part of a valuation gain or loss in "other (losses)/gains, net".

2.9 Buildings under development for future owner-occupied purpose

When buildings are in the course of development for production or for administrative purposes, the amortisation of prepaid lease payments provided during the construction period is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

2.10 Properties under development

When the leasehold land and buildings are in the course of development for sale, the leasehold land component included in properties under development is amortised over a straight-line basis over the lease term. During the construction period, the amortisation charge provided for the leasehold land is included as part of the costs of the properties under development.

Properties under development which are intended to be held for sale are shown as current assets and carried at the lower of cost and net realisable value.

2.11 Intangible assets

(a) Goodwill

Goodwill is measured as described in Note 2.3. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

2.11 Intangible assets – continued

(a) Goodwill – continued

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

(b) Trademarks, technology knowhow and customer relationship

Separately acquired trademarks are shown at historical cost. Trademarks, technology knowhow and customer relationships acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

(c) Research and development

Development costs that are directly attributable to the design and testing of identifiable and unique intangible assets controlled by the Group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the intangible asset so that it will be available for use
- management intends to complete the intangible asset and use or sell it
- there is an ability to use or sell the intangible asset
- it can be demonstrated how the intangible asset will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available, and
- the expenditure attributable to the intangible asset during its development can be reliably measured

Directly attributable costs that are capitalised include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Research expenditure and development expenditure that do not meet the criteria above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

2.11 Intangible assets – continued

(d) Amortisation methods and periods

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

Trademarks	10% – 12.5%
Technology knowhow	10%
Customer relationship	10% – 20%

2.12 Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.13 Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

- those to be measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

2.13 Investments and other financial assets – continued

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other losses. Impairment losses are presented as separate line item in the statement of comprehensive income.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other losses. Interest income from these financial assets is included in finance income using the effective interest rate method. Net foreign exchange gains and losses are presented in general and administrative expenses and impairment expenses are presented as separate line item in the consolidated statement of comprehensive income.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other losses in the period in which it arises.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

2.13 Investments and other financial assets – continued

(iv) Impairment

The Group assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade and bills receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 3.1 for further details.

For other financial assets at amortised cost, the Group measures the impairment as either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime ECL.

To assess whether there is a significant increase in credit risk, the Group compares the risk of default as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtors' ability to meet its obligations

- actual or expected significant changes in the operating results of debtors

- significant increases in credit risk on other financial instruments of the same debtor

- significant changes in the expected performance and behaviour of debtors, including changes in the payment status of the debtor in the Group and changes in the operating results of the debtor

Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and there is no reasonable expectation of recovery of the balances.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

2.14 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods comprises of direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.16 Trade, bills and other receivables

Trade and bills receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and bills receivables and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade, bills and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See Note 22 for further information about the Group's accounting for trade, bills and other receivables and Note 3.1 for a description of the Group's impairment policies.

2.17 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits held at call with banks with original maturities of three months or less.

For the deposits held at call with banks with original maturities of three months or more are classified as "short-term bank deposits".

2.18 Restricted bank balances

Bank deposits which are restricted to use are classified as "restricted cash". Restricted cash are excluded from cash and cash equivalents in the consolidated statement of cash flows.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

2.19 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

When any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to owners of the company until the shares are cancelled or reissued.

2.20 Trade, bills and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade, bills and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.21 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in consolidated statement of comprehensive income as other income or finance costs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

2.21 Borrowings – continued

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.22 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2.23 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax
Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

2.23 Current and deferred income tax – continued

(b) Deferred income tax – continued

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for joint ventures. Only when there is an agreement in place that gives the group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the joint venture's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.24 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current accrual and other payables in the consolidated statement of financial position.

(b) Pension obligations

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(c) Bonus plans

The Group recognises a liability and an expense for bonuses, based on performance and takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

2.25 Government grants

Grants from the government are recognised at fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to costs are shown separately as other income.

2.26 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.27 Revenue recognition

Under IFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

2.27 Revenue recognition – continued

(a) Sales of goods

The Group is principally engaged in the manufacturing and trading of sofa, ancillary products and chairs and other products. Revenue are recognised when control of the product to has transferred, being when the products are delivered to the customers, the customer has accepted the products and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the products have been shipped to the specified location and the risk of obsolescence and loss have been transferred to the customers.

Revenue from sales of goods is recognised based on the price specified for each order, net of the provision for customer claims. Accumulated experience is used to estimate and provide for the claims and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. Provision for customer claims (included in accruals and other payables) is recognised for expected volume claims payable to customers in relation to sales made until the end of the reporting period.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(b) Sales of residential properties

Revenue from sales of residential properties is recognised at a point in time when the buyer obtains physical possession of the completed property.

(c) Service income

The Group receives a service income for its furniture mall business. Service income is recognised when the services are rendered.

2.28 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

2.28 Leases – continued

- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The useful life used for the asset's depreciation purpose are:

Rented land and properties	Remaining lease term

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

2.29 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.30 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.31 Share-based payments

Share-based compensation benefits are provided to employees via the share options granted to employees.

The fair value of options granted is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

– including any market performance conditions (e.g. the entity's share price)

– excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and

– including the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

3 FINANCIAL RISK MANAGEMENT

The Group's major financial instruments include trade, bills and other receivables, trade, bills and other payables, financial assets at FVPL, cash and cash equivalents, short-term bank deposits, restricted bank balances and bank borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. There has been no change to the Group's exposure to financial risks or the manner in which it manages and measures the risk.

3.1 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.

(a) Market risk

(i) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollars ("US$") and Renminbi ("RMB"). The Group manages its foreign exchange risks by performing regular review and monitoring its foreign exchange exposure. The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

As HK$ are pegged to US$, the Group does not have material exchange rate risk on translation between HK$ and US$.

At the end of the reporting period, the carrying amount of the Group's monetary assets and monetary liabilities denominated in currencies other than the respective functional currencies of the relevant group entities, expressed in HK$, are as follows:

Assets

	2021 HK$'000	2020 HK$'000
US$	**1,284,884**	1,049,615
RMB	**17,994**	23,021
Euro ("EUR")	**40,402**	17,648
HK$	**353**	9
Other currencies	**5,139**	13,740

Liabilities

	2021 HK$'000	2020 HK$'000
US$	**728,544**	462,819
RMB	**2,947**	2,717
EUR	**13,102**	8,074
Other currencies	**11,864**	29,440

3 FINANCIAL RISK MANAGEMENT – continued

3.1 Financial risk factors – continued

(a) Market risk – continued

(i) Foreign exchange risk – continued

The table below illustrates the sensitivity as at the end of the reporting period to a reasonably possible change in the respectively exchange rates against the functional currency of the respective group entities, with all other variables held constant, to the profit for the year ended 31 March 2021, mainly as a result of net foreign exchange impact on translation of trade, bills and other receivables, restricted bank balances, cash and cash equivalents, short-term bank deposits, trade, bills and other payables and bank borrowings denominated in these foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

	Change in exchange rate	Impact on post-tax profit HK$'000
2021		
If US$ strengthens/weakens against the functional currencies	+5%/-5%	26,113 higher/lower
If RMB strengthens/weakens against the functional currencies	+5%/-5%	638 higher/lower
2020		
If US$ strengthens/weakens against the functional currencies	+5%/-5%	32,128 higher/lower
If RMB strengthens/weakens against the functional currencies	+5%/-5%	848 lower/higher

(ii) Cash flow and fair value interest rate risk

Interest rate risk arises from the potential changes in interest rates that may have an adverse effect on the Group's results for the current reporting period and in future years. The Group is exposed to cash flow interest rate risk arising from the volatility of Hong Kong Interbank Offered Rate, Best Lending Rate or Euro Interbank Offered Rate as all bank borrowings, cash and cash equivalents are at floating rates or at prevailing deposit rates. The Group generally does not take a speculative view on the movement in interest rates and, therefore, does not use interest rate derivative instruments to hedge exposed risks.

The sensitivity analysis below has been determined based on the exposure to interest rates on the Group's variable rate borrowings, restricted bank balances and bank balances at the end of the reporting period and prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point increase or decrease is used by management for the assessment of the reasonably possible change in interest rates.

3 FINANCIAL RISK MANAGEMENT – continued

3.1 Financial risk factors – continued

(a) Market risk – continued

(ii) Cash flow and fair value interest rate risk – continued

If interest rates on restricted bank balances and bank balances had been 50 basis points (2020: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2021 would increase/decrease by HK$7,305,000 (2020: HK$1,336,000). This is mainly attributable to the Group's exposure to interest rates on its variable- rate bank deposits.

If interest rates on bank borrowings had been 50 basis points (2020: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2021 would decrease/increase by HK$9,539,000 (2020: HK$13,034,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

In the opinion of the directors of the Company, exposure to interest rate on the structured deposits are insignificant due to their short maturity.

(b) Credit risk

The credit risk of the Group's financial assets, which mainly comprise trade and bills receivables, deposits and other receivables, financial assets at FVPL, structured deposits, short-term bank deposits, restricted bank balances and cash and cash equivalents, arises from potential default of the counterparties, with maximum exposure equal to the carrying amounts of these instruments.

(i) Risk management

As at 31 March 2021 and 2020, substantially all of the cash and bank balances, as detailed in Note 24, are held in banks in China, Macau, Hong Kong, Vietnam and Europe with high credit ratings assigned by international credit-rating agencies. Over 80% (2020: 80%) of the Group's bank balance is deposited into five (2020: five) banks. The directors of the Company anticipated that the related credit risk is limited because the banks are with good reputations.

In order to minimise the credit risk, the Group's current credit practices include assessing the customers' credit reliability and periodic review of their financial status to determine credit limits to be granted. 1% (2020: 14%) and 16% (2020: 32%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively. Apart from delegating a team for determining the credit limits, credit approval and other monitoring procedures on customers, the Group also explores new markets and new customers in order to minimise the concentration of credit risk. Other than the above, no other concentration of credit risk exists on Group's trade receivables.

In addition, most of the Group's exposure on trade and bills receivables was covered by insurance. The Group has purchased credit insurance from certain insurance corporations on most of the Group's overseas sales to compensate for losses from debts when they become irrecoverable. Credit enhancements, including the credit insurance which is considered to be in substance, an integral part of the contractual terms of trade and bills receivables and the cash flows from credit enhancements are included in the measurement of ECL.

The credit ratings of FVPL are monitored for credit deterioration.

3 FINANCIAL RISK MANAGEMENT – continued

3.1 Financial risk factors – continued

(b) Credit risk – continued

(ii) Impairment of financial assets

Trade and bills receivables arising from contracts with customers

The Group applied IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade and bills receivable balances. To measure the expected credit losses, trade and bills receivables has been grouped based on shared credit risk characteristics through grouping of various debtors that have similar loss patterns, after considering credit profile of different customers, repayment history and past due status of respective trade and bills receivables. The historical loss rates are adjusted to reflect forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

For trade and bills receivables relating to debtors which face significant financial difficulties or enter liquidation, they are assessed individually for impairment. Accordingly, the Group provided HK$2,042,000 for impairment for trade and bills receivables during the year ended 31 March 2021 (2020: HK$3,527,000) for these debtors. Trade and bills receivables of HK$6,697,000 has been provided for as at 31 March 2021 (2020: HK$4,540,000).

The Group has assessed the loss allowance of the remaining trade and bills receivables and the directors are of the opinion that the risk of default by these customers is not significant, taking into account forward-looking information on macroeconomics factors. Therefore, expected credit loss rate and provision for impairment of the remaining trade and bills receivables is assessed to be insignificant.

Other financial assets at amortised cost

Based on the impairment assessment performed by the Group, the management of the Group considers the expected credit loss rate of other financial assets at amortised cost to be immaterial under the 12 months ECL method. Thus, no provision for impairment for other financial assets at amortised cost is provided as at 31 March 2021 (2020: Nil).

Liquidity risk management

In managing of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of borrowings on a regular basis.

3 FINANCIAL RISK MANAGEMENT – continued

3.1 Financial risk factors – continued

Liquidity risk management – continued

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Specifically, for bank and other borrowing which contain a repayment on demand clause which can be exercised at the discretion of the counterparties, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay.

	Weighted average effective interest rate %	On demand or less than 1 year HK$'000	1-2 years HK$'000	2-5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 March 2021						
Non-derivative financial liabilities						
Trade and other payables		1,461,919	–	–	1,461,919	1,461,919
Bank borrowings – variable rate	1.20	2,311,399	–	–	2,311,399	2,304,668
Bank borrowings – fixed rate	2.86	1,308,422	740	486	1,309,648	1,285,241
Lease liabilities		27,966	16,927	4,078	48,971	46,727
		5,109,706	17,667	4,564	5,131,937	5,098,555

	Weighted average effective interest rate %	On demand or less than 1 year HK$'000	1-2 years HK$'000	2-5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 March 2020						
Non-derivative financial liabilities						
Trade, bills and other payables		1,320,771	–	–	1,320,771	1,320,771
Bank borrowings – variable rate	3.01	2,462,095	729,213	211	3,191,519	3,122,298
Bank borrowings – fixed rate	4.09	880,432	–	–	880,432	856,987
Lease liabilities		31,474	20,951	10,757	63,182	58,288
		4,694,772	750,164	10,968	5,455,904	5,358,344

The amounts included above for variable interest rate instruments of non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

3 FINANCIAL RISK MANAGEMENT – continued

3.2 Capital management

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes bank borrowings disclosed in Note 27, cash and cash equivalents disclosed in Note 24 and equity attributable to owners of the Company, comprising issued share capital as disclosed in Note 28 and reserves.

The directors of the Company review the capital structure regularly. As part of this review, the Directors consider the cost of capital and the risks associates with each class of the capital. Based on the recommendations of the directors, the Group will balance its overall capital structure through adjusting the amount of dividends paid to the shareholders, return capital to shareholders, issue new shares as well as draw down of new debt or the redemption of existing debt.

3.3 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, bills and other receivables, structured deposits, restricted bank balances, trade, bills and 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 policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

As at 31 March 2021 and 2020, the Group's financial assets at FVPL are measured at fair value through profit or loss. The fair values are categorised as level 2 which are quoted prices available from over-the-counter markets. There is no transfer of financial assets or financial liabilities between level 1 to level 3 in the year. See Note 23 for disclosures relevant to financial assets at FVPL.

As at 31 March 2021 and 2020, there are certain investment properties measured at fair value using market approach and income approach. See Note 15 for disclosures relevant to investment properties.

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit to which goodwill has been allocated, which is the higher of the value in use and fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit, a suitable discount rate, growth rates, budgeted sales and gross margin in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows, a material impairment loss may arise. As at 31 March 2021, the carrying amount of goodwill is HK$560,519,000 (2020: HK$524,048,000).

(ii) Provision of ECL for trade and bills receivables

The Group uses provision matrix to calculate ECL for trade and bills receivables. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and available without undue costs or effort. At each reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade and bills receivables with objective evidence that the debtor faces significant financial difficulties or enter liquidation are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade and bills receivables are disclosed in Note 3.1.

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS – continued

Critical judgments in applying accounting policies

The followings are the critical judgments, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

(iii) Control over investees accounted for as subsidiaries

Certain entities are considered to be subsidiaries of the Company despite the interest therein are not more than 50% of the issued share capital of the relevant entities. Based on the contractual power pursuant to the relevant shareholders' agreement between the Group and the other shareholders, the Group has the majority voting power in the Board of Directors in the respective investees, by which the relevant activities that significantly affect the return of the investee are determined, and hence has control over these investees. Accordingly, those entities are accounted for as subsidiaries of the Company.

(iv) Recognition of deferred taxation

At 31 March 2021, the Group provided for deferred tax liabilities of approximately HK$34,619,000 (2020: HK$31,798,000) in relation to the earnings expected to be distributed from the certain subsidiaries. Deferred tax liabilities have not been provided on the distributable profits of subsidiaries that the Group plans to retain in the respective entities for their daily operations and future developments. In case where the actual distribution of profits are larger than expected, material tax liabilities will arise, which will be recognised in the profit or loss for the period in which such profits are distributed or the future development plan of the Group changed, whichever is earlier.

No deferred tax assets have been recognised in respect of the unused tax losses of approximately HK$174,539,000 (2020: HK$277,107,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than or more than expected, a material reversal or recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or recognition takes place.

5 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:

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

The sofa 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 and bills receivables 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. There is a change in measurement method for segment results, which represent the profit before income tax earned by each segment without allocation of other income, net exchange gains or losses, fair value gains or losses on investment properties, gains or losses from changes in fair value of financial assets at FVPL, share of results of joint ventures, finance costs, and unallocated expenses (2020: profit before income tax earned by each segment without allocation of interest income, income on structured deposits, rental income, net exchange gains/(loss), fair value gain/(loss) on investment properties, loss from change in fair value of financial assets at FVPL, share of results of joint ventures, government subsidies, finance costs, central administrative costs and directors' emoluments). The comparative information has been represented accordingly.

5 SEGMENT INFORMATION – continued

Segment revenues and results

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

For the year ended 31 March 2021

	Sofa and ancillary products HK$'000	Other products HK$'000	Other business HK$'000	Home Group business HK$'000	Total HK$'000
REVENUE					
External sales	11,723,615	3,708,066	238,318	764,072	16,434,071
RESULTS					
Segment results	1,935,131	570,809	27,840	86,167	2,619,947
Other income					511,894
Share of results of joint ventures					5,707
Exchange losses, net					(28,864)
Fair value gains on investment properties					238
Loss from change in fair value of financial assets at FVPL					(61,793)
Finance costs					(96,046)
Unallocated expenses					(590,769)
Profit before income tax					2,360,314

5 SEGMENT INFORMATION – continued

Segment revenues and results – continued

For the year ended 31 March 2020

	Sofa and ancillary products HK$'000	Other products HK$'000	Other business HK$'000	Home Group business HK$'000	Total HK$'000
REVENUE					
External sales	8,155,269	2,453,102	791,812	744,116	12,144,299
RESULTS					
Segment results	1,611,962	464,558	289,845	41,286	2,407,651
Other income					413,794
Share of results of joint ventures					805
Exchange gains, net					68,000
Fair value losses on investment properties					(4,569)
Loss from change in fair value of financial assets at FVPL					(1,746)
Finance costs					(155,947)
Unallocated expenses					(618,744)
Profit before income tax					2,109,244

5 SEGMENT INFORMATION – continued

Other information

	Sofa and ancillary products HK$'000	Other products HK$'000	Other business HK$'000	Home Group business HK$'000	Total HK$'000
Amounts included in the measure of segment result:					
For the year ended 31 March 2021					
Loss/(gain) on disposal of property, plant and equipment	**383**	**508**	**–**	**(199)**	**692**
Depreciation and amortisation	**358,296**	**64,663**	**36,947**	**33,888**	**493,794**
Provision for impairment of trade and bills receivables	**–**	**1,698**	**–**	**344**	**2,042**
Reversal of impairment of inventories	**(17,634)**	**–**	**–**	**(398)**	**(18,032)**

	Sofa and ancillary products HK$'000	Other products HK$'000	Other business HK$'000	Home Group business HK$'000	Total HK$'000
Amounts included in the measure of segment result:					
For the year ended 31 March 2020					
Loss/(gain) on disposal of property, plant and equipment	3,336	(472)	–	(113)	2,751
Depreciation and amortisation	304,328	58,676	6,318	32,547	401,869
Provision for impairment of trade and bills receivables	–	1,775	–	1,752	3,527
Provision for/(reversal of) impairment of inventories	24,867	–	–	(469)	24,398

5 SEGMENT INFORMATION – continued

Geographical information

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

	2021 HK$'000	2020 HK$'000
PRC (including Hong Kong and Macau)	**10,213,896**	6,954,742
North America	**4,579,469**	3,507,855
Europe	**1,050,842**	1,130,926
Others	**589,864**	550,776
	16,434,071	12,144,299

Note: Others mainly included Australia, United Arab Emirates, Israel and Indonesia. Home Group 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.

Information about the Group's non-current assets (excluding deferred tax assets) is presented based on the location of the assets:

	2021 HK$'000	2020 HK$'000
PRC (including Hong Kong and Macau)	**6,950,505**	5,661,149
Europe	**544,206**	560,580
Vietnam	**1,408,063**	1,309,971
Others	**1,223**	3,896
	8,903,997	7,535,596

During the year, none of the Group's customers individually contributed more than 10% of the Group's revenue (2020: none).

5 SEGMENT INFORMATION – continued

Disaggregation of revenue from contracts with customers

	For the year ended 31 March 2021				
Segments	Sofa and ancillary products HK$'000	Other products HK$'000	Other business HK$'000	Home group business HK$'000	Total HK$'000
Types of goods or service					
Manufacture and distribution of goods recognised at a point in time					
Sofa and ancillary products	11,723,615	–	–	764,072	12,487,687
Residential properties	–	–	168,705	–	168,705
Chairs, mattresses, smart furniture spare parts	–	2,218,494	–	–	2,218,494
Metal mechanism for recliners	–	1,460,155	–	–	1,460,155
Other products to commercial clients	–	29,417	–	–	29,417
	11,723,615	3,708,066	168,705	764,072	16,364,458
Service income – recognised over time	–	–	69,613	–	69,613
Total	11,723,615	3,708,066	238,318	764,072	16,434,071
Geographical markets					
North America	4,374,286	205,183	–	–	4,579,469
PRC (including Hong Kong and Macau)	6,851,748	3,123,830	238,318	–	10,213,896
Europe	185,183	101,587	–	764,072	1,050,842
Others	312,398	277,466	–	–	589,864
Total	11,723,615	3,708,066	238,318	764,072	16,434,071

5 SEGMENT INFORMATION – continued

Disaggregation of revenue from contracts with customers – continued

	For the year ended 31 March 2020				
Segments	Sofa and ancillary products HK$'000	Other products HK$'000	Other business HK$'000	Home group business HK$'000	Total HK$'000
Types of goods or service					
Manufacture and distribution of goods recognised at a point in time					
Sofa and ancillary products	**8,155,269**	–	–	**744,116**	**8,899,385**
Residential properties	–	–	**748,576**	–	**748,576**
Chairs, mattresses, smart furniture spare parts	–	**1,239,786**	–	–	**1,239,786**
Metal mechanism for recliners	–	**1,150,718**	–	–	**1,150,718**
Other products to commercial clients	–	**62,598**	–	–	**62,598**
	8,155,269	**2,453,102**	**748,576**	**744,116**	**12,101,063**
Service income – recognised over time	–	–	**43,236**	–	**43,236**
Total	**8,155,269**	**2,453,102**	**791,812**	**744,116**	**12,144,299**
Geographical markets					
North America	**3,326,761**	**181,095**	–	–	**3,507,856**
PRC (including Hong Kong and Macau)	**4,114,012**	**2,048,918**	**791,812**	–	**6,954,742**
Europe	**309,840**	**76,970**	–	**744,116**	**1,130,926**
Others	**404,656**	**146,119**	–	–	**550,775**
Total	**8,155,269**	**2,453,102**	**791,812**	**744,116**	**12,144,299**

6 OTHER INCOME

	2021 HK$'000	2020 HK$'000
Sales of raw material & scrap	**154,660**	120,177
Income on structure deposits	**13,553**	3,764
Interest income	**48,004**	58,897
Government subsidies (Note)	**201,742**	163,014
Others	**93,935**	67,942
	511,894	413,794

Note:

The government subsidies recognised in other income of HK$201,742,000 (2020: HK$163,014,000) mainly represented the subsidies on PRC taxes paid, photovoltaic power generation, export credit insurance expenses, research and development cost and employment support scheme paid by Hong Kong Government incurred in the year.

7 OTHER (LOSSES)/GAINS, NET

	2021 HK$'000	2020 HK$'000
Exchange (losses)/gains, net	**(28,864)**	68,000
Fair value gains/(losses) on investment properties	**238**	(4,569)
Loss on disposal of property, plant and equipment	**(692)**	(2,751)
Impairment provision for trade and bills receivables	**(2,042)**	(3,527)
Losses from changes in fair value of financial assets at FVPL	**(61,793)**	(1,746)
Others	**(560)**	1,317
	(93,713)	56,724

8 EXPENSES BY NATURE

	2021 HK$'000	2020 HK$'000
Cost of inventories	**8,600,806**	7,702,202
Auditor's remuneration (including non-audit services)	**3,890**	3,918
Amortisation of intangible assets (Note 17)	**33,438**	32,224
Depreciation of property, plant and equipment (Note 14)	**389,891**	278,312
Depreciation of right-of-use assets (Note 16)	**70,465**	91,333
Employee benefit expenses (including directors' emoluments) (Note 10)	**2,491,708**	1,729,151
Short-term lease payment	**40,990**	19,318
(Reversal of)/provision for impairment of inventories	**(18,032)**	24,398
Legal and professional fee	**49,430**	31,241

9 FINANCE COSTS

	2021 HK$'000	2020 HK$'000
Interest on bank borrowing	**91,397**	149,117
Interest on lease liabilities	**2,411**	3,341
Others	**2,238**	3,489
	96,046	155,947

10 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2021 HK$'000	2020 HK$'000
Salaries and other allowances	**2,443,235**	1,674,389
Retirement benefit scheme contribution	**40,964**	45,508
Equity-settled share-based payments expense	**7,509**	9,254
	2,491,708	1,729,151

(a) Retirement benefits scheme

The employees of the Group's subsidiaries established in the PRC are members of a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of these subsidiaries. The only obligation of these subsidiaries with respect to the central pension scheme is to meet the required contributions under the scheme.

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme ("the MPF Scheme"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, the Group and its employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. Both the Group's and the employees' contributions are subject to a cap of HK$1,500 per month and thereafter contributions are voluntary.

The total contributions incurred in connection with the above for the year ended 31 March 2021 were approximately HK$40,964,000 (2020: HK$45,508,000). No forfeited contributions are available to reduce the contribution payable by the Group in the future years.

(b) Five highest paid individuals

For the year ended 31 March 2021, the five individuals whose emoluments were the highest in the Group included 1 director (2020: 1 director), whose emoluments were reflected in the analysis presented in Note 37(a). The emoluments paid/payable to the remaining 4 (2020: 4 individuals) individuals during the year ended 31 March 2021 were as follows:

	2021 HK$'000	2020 HK$'000
Salaries and other allowances	**32,433**	28,821
Discretionary bonus	**8,383**	3,970
Retirement benefit scheme contribution	**29**	22
Share-based payment expense	**782**	1,006
	41,627	33,819

10 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) – continued

(b) Five highest paid individuals – continued

	2021 HK$'000	2020 HK$'000
Their emoluments were within the following bands:		
HK$3,000,001 to HK$3,500,000	–	1
HK$3,500,001 to HK$4,000,000	–	1
HK$5,000,001 to HK$5,500,000	–	1
HK$6,000,001 to HK$6,500,000	1	–
HK$8,000,001 to HK$8,500,000	1	–
HK$9,500,001 to HK$10,000,000	1	–
HK$17,500,001 to HK$18,000,000	1	–
HK$20,000,001 to HK$20,500,000	–	1
	4	4

11 INCOME TAX EXPENSE

	2021 HK$'000	2020 HK$'000
Current income tax:		
PRC Corporate Income Tax ("PRC CIT")	314,152	305,061
PRC Withholding Income Tax	27,900	15,997
PRC Land Appreciation Tax ("PRC LAT")	17,336	87,468
U.S. Federal and State Corporate Income Taxes ("U.S. CIT")	1,252	1,425
Others	6,397	14,292
Deferred tax credit	(33,057)	(7,442)
Under-provision in prior years	2,928	446
	336,908	417,247

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

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, details of which are set in Note 19.

The U.S. CIT charge comprises federal income tax calculated at 21% (2020: 21%) and state income tax calculated from 0% to 9% (2020: 0% to 9%) on the estimated assessable profits of the subsidiary of the Company which was incorporated in the U.S..

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

11 INCOME TAX EXPENSE – continued

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using PRC CIT rate as follows:

	2021 HK$'000	2020 HK$'000
Profit before income tax	**2,360,314**	2,109,244
Tax calculated at the PRC CIT rate of 25% (2020: 25%)	**590,079**	527,311
Effect of different tax rates of subsidiaries operating in other jurisdiction and preferential tax rate	**(172,841)**	(158,966)
Income not subject to tax	**(51,493)**	(23,147)
Expenses not deductible for tax purposes	**9,452**	35,996
Tax losses for which no deferred income tax asset was recognised	**22,189**	18,762
Utilisation of tax losses previously not recognised	**(50,514)**	(8,487)
Tax effect of profit of a subsidiary under tax exemption	**(54,456)**	(57,351)
Provision for PRC Withholding Income Tax	**29,989**	17,284
Provision for PRC LAT	**17,336**	87,467
Tax effect of PRC LAT	**(4,334)**	(21,867)
Share of results of joint ventures	**(1,427)**	(201)
Under provision in prior years	**2,928**	446
	336,908	417,247

The weighted average applicable tax rate was 14.3% (2020: 19.8%). The decrease is mainly caused by more profits generated by subsidiaries which were entitled to lower applicable tax rate.

12 EARNINGS PER SHARE

Profit per share is computed as follows:

	2021	2020
Basic		
Profit attributable to equity owners of the Company for the year (HK$'000)	**1,924,513**	1,638,069
Weighted average outstanding ordinary share, in thousands	**3,829,383**	3,819,581
Basic earnings per share for the year in HK cents	**50.26**	42.89
Diluted		
Profit attributable to equity owners of the Company for the year (HK$'000)	**1,924,513**	1,638,069
Weighted average outstanding ordinary share, in thousands	**3,829,383**	3,819,581
Effect of dilutive potential ordinary shares on exercise of share options	**12,014**	1,106
Weighted average outstanding ordinary shares after assuming dilution, in thousands	**3,841,397**	3,820,687
Diluted earnings per share for the year in HK cents	**50.10**	42.87

13 DIVIDENDS

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

	2021 **HK$'000**	2020 HK$'000
Final dividend for 2020 of HK$0.12 (2020: HK$0.06 for 2019) per share	**455,936**	229,399
Interim dividend for 2021 of HK$0.1 (2020: HK$0.07 for 2020) per share	**380,360**	267,095
	836,296	496,494

A final dividend of HK$0.16 per share in respect of the year ended 31 March 2021, amounting to approximately HK$633,519,000, to be paid to the shareholders of the Company whose names appear on the Company's register of members on 12 July 2021, has been proposed by the board of directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

14 PROPERTY, PLANT AND EQUIPMENT

	Freehold land in Europe HK$'000	Buildings outside the PRC HK$'000	Buildings in the PRC HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fittings and office equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
Cost									
At 1 April 2019	28,928	459,423	1,890,011	182,339	1,079,966	421,291	183,705	651,774	4,897,437
Exchange adjustments	(1,227)	(22,673)	(122,590)	(13,305)	(61,971)	(30,315)	(12,336)	(31,814)	(296,231)
Additions	–	1,738	3,411	35,281	111,498	81,265	54,804	453,745	741,742
Acquired on acquisition of subsidiaries	–	–	–	104	87	206	69	139	605
Transfer to properties under development	–	–	–	–	–	–	–	(11,589)	(11,589)
Transfers	–	375,757	112,549	55,633	16,162	78,534	28	(638,663)	–
Disposals/written off	–	–	(32,389)	(14,508)	(33,330)	(8,640)	(21,234)	–	(110,101)
At 31 March 2020	27,701	814,245	1,850,992	245,544	1,112,412	542,341	205,036	423,592	5,221,863
Exchange adjustments	2,231	22,137	156,628	21,102	80,164	47,704	19,721	36,719	386,406
Additions	–	31,940	9,643	60,071	221,301	121,097	175,504	695,578	1,315,134
Acquisition of a subsidiary	–	–	–	–	1,250	145	152	–	1,547
Transfer to properties held for sale	–	–	–	–	–	–	–	(310,164)	(310,164)
Transfer from investment properties	–	–	–	–	–	–	–	6,255	6,255
Transfers	–	163	–	12,755	5,852	2,217	–	(20,987)	–
Disposals/written off	–	(52,830)	(5,128)	(7,177)	(70,889)	(13,955)	(28,324)	–	(178,303)
At 31 March 2021	29,932	815,655	2,012,135	332,295	1,350,090	699,549	372,089	830,993	6,442,738
Accumulated depreciation and impairment									
At 1 April 2019	–	68,227	189,322	114,610	425,985	225,587	74,958	–	1,098,689
Exchange adjustments	–	(3,775)	(12,871)	(7,570)	(23,669)	(11,083)	(5,401)	–	(64,369)
Charge for the year	–	15,431	34,688	23,156	106,841	63,327	34,869	–	278,312
Eliminated on disposals/written off	–	–	(1,949)	(7,916)	(19,723)	(3,093)	(8,131)	–	(40,812)
Impairment loss	–	–	–	–	4	52	–	–	56
At 31 March 2020	–	79,883	209,190	122,280	489,438	274,790	96,295	–	1,271,876
Exchange adjustments	–	3,869	18,681	11,126	34,188	25,426	8,656	–	101,946
Charge for the year	–	20,175	36,823	47,444	136,004	105,520	43,925	–	389,891
Eliminated on disposals/written off	–	(15,936)	(419)	(3,956)	(47,323)	(12,380)	(15,255)	–	(95,269)
At 31 March 2021	–	87,991	264,275	176,894	612,307	393,356	133,621	–	1,668,444
Carrying values									
At 31 March 2021	29,932	727,664	1,747,860	155,401	737,783	306,193	238,468	830,993	4,774,294
At 31 March 2020	27,701	734,362	1,641,802	123,264	622,974	267,551	108,741	423,592	3,949,987

15 INVESTMENT PROPERTIES

	HK$'000
At 1 April 2019	485,110
Exchange adjustments	(25,326)
Fair value losses	(4,569)
At 31 March 2020	455,215
Transfer to property, plant and equipment	(6,255)
Exchange adjustments	32,869
Fair value gains	238
At 31 March 2021	482,067

All of the Group's property interests held to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair value measurement for all of the Group's investment properties are categorised as level 3. The fair values were determined by the directors of the Company with reference to professional valuations carried out by Cushman & Wakefield (2020: Cushman & Wakefield). The fair values were determined by market approach and income approach. The market approach makes reference to the market evidence of transaction prices for similar properties in the same locations and conditions and adjusted for a number of factors, including differences in location within the city, size, building age, etc., between the comparable properties and the subject matters. Income method capitalises the net income from existing tenancies with due allowance for reversionary income potential at appropriate capitalisation rates for individual properties.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

There has been no change to the valuation technique or level of fair value hierarchy during the year.

During the year ended 31 March 2021, the Group transferred certain investment properties with a fair value of HK$6,255,000 to property, plant and equipment (2020: Nil).

15 INVESTMENT PROPERTIES – continued

The carrying value of investment properties shown above comprises:

	2021 HK$'000	2020 HK$'000
Investment properties on lands under medium-term lease:		
– in Hong Kong	**49,100**	48,500
– in Macau	**6,600**	6,600
– in PRC	**369,568**	341,045
	425,268	396,145
Investment properties on freehold land in Ukraine	**56,799**	59,070
	482,067	455,215

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers into or out of Level 3 for fair value measurements during the year.

16 LEASE

This note provides information on leases where the Group is a lessee.

(i) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	2021 HK$'000	2020 HK$'000
Right-of-use assets		
Land use rights*	**2,279,764**	2,172,747
Retail stores	**22,922**	25,890
Office premises	**15,008**	21,034
Warehouses	**6,378**	8,847
	2,324,072	2,228,518
Lease liabilities		
Current	**26,419**	28,755
Non-current	**20,308**	29,533
	46,727	58,288

* The Group has land lease arrangements with Mainland China and Vietnam governments.

Additions to the right-of-use assets during the year ended 31 March 2021 were approximately HK$20,454,000 (2020: HK$69,188,000).

17 GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill HK$'000	Trademarks HK$'000	Technology knowhow HK$'000	Customer relationship HK$'000	Total HK$'000
Cost					
At 1 April 2019	525,904	33,409	130,457	119,308	809,078
Additions	–	4,966	–	–	4,966
Acquired on acquisition of subsidiaries	19,275	721	–	–	19,996
Exchange adjustments	(21,131)	(705)	(4,112)	(5,076)	(31,024)
At 31 March 2020	524,048	38,391	126,345	114,232	803,016
Additions	13,286	379	–	–	13,665
Exchange adjustments	23,185	1,191	8,641	8,432	41,449
At 31 March 2021	560,519	39,961	134,986	122,664	858,130
Accumulated amortisation					
At 1 April 2019	–	3,927	29,353	27,861	61,141
Exchange adjustments	–	(165)	(1,141)	(1,531)	(2,837)
Charge for the year	–	3,821	12,850	15,553	32,224
At 31 March 2020	–	7,583	41,062	41,883	90,528
Exchange adjustments	–	415	2,929	3,784	7,128
Charge for the year	–	4,191	13,378	15,869	33,438
At 31 March 2021	–	12,189	57,369	61,536	131,094
Carrying value					
At 31 March 2021	560,519	27,772	77,617	61,128	727,036
At 31 March 2020	524,048	30,808	85,283	72,349	712,488

For the purposes of impairment testing, goodwill has been allocated to an individual CGU in the manufacture and distribution of sofas by Home Group, the production and sale of metal components for furniture business by Jiangsu Yulong Intelligent Technology Co., Limited ("Jiangsu Yulong"), the manufacture and sale of sofas by Beyond Excel Holdings Limited and its wholly owned subsidiary, Timberland Company Limited ("Beyond Excel Group"), the distribution of sofas by Shanghai Qingzhu Trading Limited ("Shanghai Qingzhu") and the manufacture and distribution of furniture by Huizhou City Pulini Home Furnishing Co. Limited ("Huizhou Pulini"). During the year ended 31 March 2021, the directors of the Company determine that there are no impairment of these CGUs.

17 GOODWILL AND OTHER INTANGIBLE ASSETS – continued

The carrying amounts of goodwill (net of accumulated impairment losses) allocated to these units are as follows:

	Goodwill	
	2021	2020
	HK$'000	HK$'000
Manufacture and distribution of sofas by Home Group	**138,208**	135,153
Sale of metal components for furniture business by Jiangsu Yulong Intelligent Technology Co., Limited	**232,230**	214,103
Manufacture and distribution of sofas by Beyond Excel Group	**156,260**	155,860
Distribution of other products by Shanghai Qingzhu	**20,535**	18,932
Manufacture and distribution of furnitures by Huizhou Pulini	**13,286**	–
	560,519	524,048

The recoverable amounts of the CGUs have been determined based on value in use calculations, using cash flow projections based on business forecasts approved by management covering a 5-year period, and pre-tax discount rate of 18%, 18%, 20%, 18% and 18% for Home Group, Jiangsu Yulong, Beyond Excel Group, Shanghai Qingzhu and Huizhou Pulini, respectively. The CGU's cash flows beyond the 5-year period are extrapolated at 2%, 3%, 3%, 3% and 3% growth rate for Home Group, Jiangsu Yulong, Beyond Excel Group, Shanghai Qingzhu and Huizhou Pulini, respectively. These growth rates are based on the directors' best estimate on the average growth rate of the industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the past performance and management's expectations for the market development.

Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of any of the CGUs to exceed the aggregate recoverable amount of the relevant CGUs.

18 INTERESTS IN JOINT VENTURES

	2021	2020
	HK$'000	HK$'000
Cost of unlisted investment in joint ventures	**47,435**	30,859
Share of post-acquisition profit	**5,707**	805
Exchange adjustments	**2,670**	(1,991)
	55,812	29,673

18 INTERESTS IN JOINT VENTURES – continued

As at 31 March 2021 and 2020, the Group had interests in the following joint ventures:

Name of joint ventures	Form of business structure	Principal place of business and place of incorporation	Effective equity interest and voting power indirectly held by the Group 2021	2020	Principal activity
深圳華生大家居集團有限公司	Limited liability	The PRC	**27%**	27%	Manufacturing and trading of bedding products
上海濠裝網絡科技有限公司	Limited liability	The PRC	**45%**	30%	Promotion and marketing

19 DEFERRED TAXATION

	2021 HK$'000	2020 HK$'000
Deferred tax assets	**(42,678)**	(12,031)
Deferred tax liabilities	**128,854**	128,896
	86,176	116,865

The following are the major deferred tax liabilities/(assets) recognised by the Group and movements thereon during the year:

	Withholding tax HK$'000	Accelerated tax depreciation HK$'000	Fair value change in relation to properties HK$'000 (Note)	Inventory provision HK$'000	Fair value adjustments on business combination HK$'000	Tax losses HK$'000	Total HK$'000
At 1 April 2019	31,102	2,175	29,673	(1,267)	64,695	–	126,378
Exchange adjustments	(591)	(185)	(753)	240	(782)	–	(2,071)
Charge/(credit) to profit or loss	1,287	(2,329)	(1,520)	(4,880)	–	–	(7,442)
At 31 March 2020	31,798	(339)	27,400	(5,907)	63,913	–	116,865
Exchange adjustments	733	618	935	(530)	164	448	2,368
Charge/(credit) to profit or loss	2,088	3,417	–	6,202	(4,739)	(40,025)	(33,057)
At 31 March 2021	34,619	3,696	28,335	(235)	59,338	(39,577)	86,176

19 DEFERRED TAXATION – continued

The Group recognised deferred income tax assets of HK$39,577,000 (2020: Nil) in respect of tax losses amounting to approximately HK$160,098,000 (2020: Nil) which could be carried forward to offset future taxable income.

The Group had remaining unused tax losses of HK$174,539,000 (2020: HK$277,107,000) as at 31 March 2021 available for offset against future profits. Most of the unused tax losses will expire in various dates in the next five years.

Withholding tax is imposed on dividends declared in respect of profits earned by the subsidiaries in the PRC and some European countries. Except for deferred tax liability of HK$34,619,000 (2020: HK$31,798,000) which has been recognised, deferred taxation has not been recognised in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of subsidiaries amounting to HK$5,090,183,000 (2020: HK$3,883,690,000) as at 31 March 2021 as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Note: Amounts included deferred tax on fair value change in investment properties and property, plant and equipment upon its transfer to investment properties.

20 INVENTORIES

	2021 HK$'000	2020 HK$'000
Raw materials	**613,442**	678,021
Work-in-progress	**510,212**	332,305
Finished goods	**879,951**	522,667
	2,003,605	1,532,993

21 PROPERTIES UNDER DEVELOPMENT

	HK$'000
At 1 April 2019	433,471
Additions	88,001
Transferred from right-of-use assets	155,501
Transferred from construction in progress	11,589
Transferred to properties held for sale	(518,014)
Exchange adjustments	(21,138)
At 31 March 2020	149,410
Additions	2,373
Exchange adjustments	12,715
At 31 March 2021	164,498

The balance as at 31 March 2021 and 2020 is the land and development cost of properties under development located at Chongqing, the PRC (2020: Wujiang and Chongqing, the PRC), which are expected to be completed within one year from 31 March 2021.

22 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2021 HK$'000	2020 HK$'000
Trade and bills receivables	**1,687,226**	1,215,294
Less: provision for impairment of trade and bills receivables	**(6,697)**	(4,540)
Trade and bills receivables, net	**1,680,529**	1,210,754
Other receivables and prepayments		
Valued added taxes recoverable	**206,195**	174,020
Deposits	**59,649**	50,743
Prepayments to suppliers	**289,954**	159,491
Sundry receivables	**145,043**	86,087
	700,841	470,341

As at 31 March 2021, total bills receivables amounted to HK$58,466,000 (2020: HK$51,372,000). All bills receivables by the Group are with a maturity period of less than six months.

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

	2021 HK$'000	2020 HK$'000
0–90 days	**1,607,354**	1,054,410
91–180 days	**58,723**	123,737
Over 180 days	**14,452**	32,607
	1,680,529	1,210,754

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.

Movement in provision for impairment of trade and bills receivables

	2021 HK$'000	2020 HK$'000
1 April	**4,540**	2,214
Increase in allowance	**2,042**	3,527
Amounts written off as uncollectible	**(198)**	(1,034)
Exchange adjustments	**313**	(167)
31 March	**6,697**	4,540

23 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 HK$'000	2020 HK$'000
Non-current asset		
Unlisted equity investment	**1,894**	–
Current assets		
Listed debentures (Note)	**372,750**	204,682
Total	**372,750**	204,682

Note:

The investments are listed debentures carrying interest at fixed rates ranging from 6.88% to 8.5% per annum and with maturity dates ranging from 23 October 2020 to 26 November 2022.

The fair values of all of the Group's financial assets at FVPL are categorised as level 2 which are quoted prices available from over-the-counter markets.

24 SHORT-TERM BANK DEPOSITS, RESTRICTED BANK BALANCES AND CASH AND CASH EQUIVALENTS

	2021 HK$'000	2020 HK$'000
Short-term bank deposits (Note (i))	**892,066**	–
Restricted bank balances (Note (ii))	**12,237**	23,636
Cash and cash equivalents (Note (iii))	**2,404,027**	2,020,245
	3,308,330	2,043,881

Notes:

(i) The effective annual interest rate and maturities of short-term bank deposits at 31 March 2021 and 2020 are as follows:

	2021 HK$'000	2020 HK$'000
Effective annual interest rate	**1.32% to 1.95%**	–
Maturities	**183 days**	–

(ii) The restricted bank balances mainly represent deposits at banks in relation to properties held for sale and carry interest at prevailing deposit rate from 0% to 0.3% (2020: 0% to 2.3%) per annum.

(iii) Bank balances carry interest at prevailing deposit rates ranging from -0.5% to 3% per annum (2020: 0.35% to 4.2% per annum).

For the year ended 31 March 2021, the Group performed impairment assessment on bank balances, restricted bank balances and short-term bank deposits and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided. Details of impairment assessment of bank balances for the year ended 31 March 2021 are set out in Note 3.1.

25 TRADE AND OTHER PAYABLES AND ACCRUALS

	2021 HK$'000	2020 HK$'000
Trade payables		
Trade and bills payables	**971,142**	967,090
Other payables and accruals		
Accruals	**567,021**	367,023
Payables for acquisition of property, plant and equipment	**46,658**	18,095
Others payable	**133,204**	67,042
	746,883	452,160

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

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

	2021 HK$'000	2020 HK$'000
0 – 90 days	**969,227**	966,854
91 – 180 days	**1,856**	175
Over 180 days	**59**	61
	971,142	967,090

26 CONTRACT LIABILITIES

	2021 HK$'000	2020 HK$'000
Sales of sofas	**347,858**	234,702
Sales of properties under development	**15,287**	26,154
	363,145	260,856

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

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

27 BANK BORROWINGS

	2021 HK$'000	2020 HK$'000
Secured (Note)	**2,447**	10,792
Unsecured	**3,587,462**	3,968,493
	3,589,909	3,979,285
The carrying amounts of the above borrowings are repayable:		
Within one year	**3,588,713**	3,277,499
Within a period of more than one year but not exceeding two years	**721**	701,581
Within a period of more than two years but not exceeding five years	**475**	205
	3,589,909	3,979,285
Less: Amounts due within one year shown under current liabilities	**(3,588,713)**	(3,277,499)
Amounts shown under non-current liabilities	**1,196**	701,786

The Group's bank borrowings are denominated in HK$, RMB and US$, and carry interest at fixed and variable rates. The fixed rates range from 0.71% to 3.92% (2020: 3.60% to 4.35%). The variable rates are subject to either i) the higher of Hong Kong Interbank Offered Rate plus a spread, ranging from 1.01% to 1.99% (2020: 2.58% to 3.56%), and best lending rate quoted by the Hongkong and Shanghai Banking Corporation Limited ("Best Lending Rate") plus 1% or ii) Euro Interbank Offered Rate plus a spread, ranging from 1.59% to 2.80% (2020: 2.10% to 3.15%). The weighted average effective interest rate of the above variable-rate and fixed-rate bank borrowings was 1.20% to 2.86%, respectively (2020: 3.01% to 4.09%) per annum.

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

	2021 HK$'000	2020 HK$'000
Property, plant and equipment	**3,755**	25,880
Inventories	**–**	13,041
	3,755	38,921

28 SHARE CAPITAL

	Number of shares In thousands	Amounts HK$'000
Authorised:		
Ordinary shares:		
At 1 April 2019, 31 March 2020 and 31 March 2021		
– HK$0.40 each	5,000,000	2,000,000

		HK$'000
Issued and fully paid:		
At 1 April 2019	3,823,123	1,529,249
Repurchase of shares (Note (a))	(33,003)	(13,201)
Exercise of share options	5,820	2,328
At 31 March 2020	3,795,940	1,518,376
Issuance of ordinary shares (Note (b))	150,000	60,000
Exercise of share options	12,855	5,142
At 31 March 2021	3,958,795	1,583,518

Notes:

(a) During the year ended 31 March 2020, 33,003,600 ordinary shares of the Company of HK$0.40 each were repurchased at a price ranging from HK$3.73 to HK$6.53 per share. All shares repurchased have been cancelled during the year ended 31 March 2020.

(b) During the year ended 31 March 2021, 150,000,000 ordinary shares of the Company of HK$0.40 each were issued at a price of HK$15.85 per share. The related transaction costs of HK$14,793,000 have been netted off against share premium.

29 SHARE OPTION SCHEMES AND SHARE AWARD SCHEME

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. Details of the 2010 share option scheme were disclosed in the consolidated financial statements for the year ended 31 March 2020.

A resolution was passed on 3 July 2020 to adopt a new share option scheme (the "Share Option Scheme"). The 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.

Under the Share Option Scheme, the directors may, at their discretion, offer directors (including executive, non-executive directors and independent non-executive directors and employees of the Group, and any advisors, consultants, distributors, contractors, suppliers, agents, venture partners, promoters, service providers of any member of the Group) who, in the sole discretion of the directors, will contribute or have contributed to the Company or any of its subsidiaries or any of its associated companies, share options to subscribe for shares of the Company. The maximum number of shares of the Company available for issue upon exercise of all share options which may be granted under the Share Option Scheme is 379,912,520. The maximum number of shares of the Company issued and to be issued upon the exercise of share options granted under the Share Option Scheme (including exercised and outstanding share options) to each grantee in any 12-month period up to the date of grant shall not exceed 1% of the issued shares of the Company as at the date of grant. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, in aggregate excess of 0.1% of the shares of the Company in issue (based on the date of grant) and an aggregate value of HK$5,000,000 (based on the closing price of the Company's shares at the date of grant), within any 12-month period, are subject to shareholders' approval in advance in a general meeting. Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors (excluding independent non-executive directors who are the proposed grantees of the share options in questions).

The period during which a share option may be exercised will be determined by the directors of the Company at their absolute discretion, save that no share option may be exercised more than 10 years after it has been granted under the Share Option Scheme. There is no requirement that a share option must be held for any minimum period before it can be exercised but the directors are empowered to impose at their discretion any such minimum period at the time of grant of any share options.

The exercise price in relation to each share option will be determined by the directors of the Company at their absolute discretion and shall not be less than the highest of (i) the closing price of the shares of the Company as stated in the daily quotation sheet of Hong Kong Stock Exchange on the date of grant; (ii) the average closing prices of the shares of the Company as stated in the daily quotation sheets of the Hong Kong Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of the share of the Company on the date of grant. Each of the grantees is required to pay HK$1 as consideration for the grant of share options in accordance with the Share Option Scheme. The offer of share options must be accepted within 28 days from the date of the offer.

Share options do not confer rights on the holders to dividends or to vote at general meetings.

29 SHARE OPTION SCHEMES AND SHARE AWARD SCHEME – continued

Share option schemes – continued

Details of outstanding share options granted by the Company as at 31 March 2021 and 2020 are as follows:

Date of grant	Exercise period	Number of share options granted (Note)	Adjusted number of share options granted	Exercise price HK$	Fair value as at date of grant HK$'000
13.1.2017	13.1.2019 – 12.1.2021	2,554,400	N/A	5.17	3,166
	13.1.2020 – 12.1.2022	2,552,800	N/A	5.17	3,838
	13.1.2021 – 12.1.2023	2,556,400	N/A	5.17	4,367
12.2.2018	12.2.2020 – 11.2.2022	2,052,800	N/A	7.18	3,329
	12.2.2021 – 11.2.2023	2,032,000	N/A	7.18	3,751
	12.2.2022 – 11.1.2024	1,841,200	N/A	7.18	3,765
28.1.2019	28.1.2021 – 27.1.2023	4,983,600	N/A	3.91	4,205
	28.1.2022 – 27.1.2024	4,974,800	N/A	3.91	4,103
	28.1.2023 – 27.1.2025	4,760,800	N/A	3.91	3,921
17.1.2020	17.1.2022 – 16.1.2024	2,268,400	N/A	6.53	4,715
	17.1.2023 – 16.1.2025	2,209,600	N/A	6.53	4,965
	17.1.2024 – 16.1.2026	1,910,000	N/A	6.53	4,771
3.2.2021	3.2.2023 – 2.2.2025	1,605,600	N/A	19.78	7,971
	3.2.2024 – 2.2.2026	1,535,200	N/A	19.78	7,667
	3.2.2025 – 2.2.2027	1,244,400	N/A	19.78	6,295

29 SHARE OPTION SCHEMES AND SHARE AWARD SCHEME – continued

Share option schemes – continued

The following tables disclose details of movements of the Company's share options held by directors and employees during the current and prior years:

		Number of share options								
Date of grant	Vesting period	Outstanding at 1.4.2019	Granted during the year	Lapsed during the year	Exercised	Outstanding at 31.3.2020	Granted during the year	Lapsed/ forfeited during the year	Exercised	Outstanding at 31.3.2021
Directors										
10.2.2015	10.2.2015 – 9.2.2018	276,800	–	–	(276,800)	–	–	–	–	–
26.1.2016	26.1.2016 – 25.1.2018	223,200	–	–	(223,200)	–	–	–	–	–
	26.1.2016 – 25.1.2019	222,400	–	–	–	222,400	–	–	(222,400)	–
27.1.2016	27.1.2016 – 26.1.2019	252,000	–	–	–	252,000	–	–	(252,000)	–
26.5.2016	26.5.2016 – 25.5.2018	400,000	–	–	(400,000)	–	–	–	–	–
13.1.2017	13.1.2017 – 12.1.2019	233,600	–	–	–	233,600	–	–	(233,600)	–
	13.1.2017 – 12.1.2020	233,600	–	–	–	233,600	–	–	(59,200)	174,400
	13.1.2017 – 12.1.2021	232,400	–	–	–	232,400	–	–	(59,200)	173,200
12.2.2018	12.2.2018 – 11.2.2020	162,800	–	(24,000)	–	138,800	–	–	(42,400)	96,400
	12.2.2018 – 11.2.2021	162,800	–	(24,000)	–	138,800	–	–	(42,400)	96,400
	12.2.2018 – 11.1.2022	160,000	–	(23,200)	–	136,800	–	–	–	136,800
28.1.2019	28.1.2019 – 27.1.2021	316,400	–	(138,000)	–	178,400	–	–	(95,200)	83,200
	28.1.2019 – 27.1.2022	316,400	–	(138,000)	–	178,400	–	–	–	178,400
	28.1.2019 – 27.1.2023	315,200	–	(137,200)	–	178,000	–	–	–	178,000
17.1.2020	17.1.2022 – 16.1.2024	–	94,000	–	–	94,000	–	–	–	94,000
	17.1.2023 – 16.1.2025	–	94,000	–	–	94,000	–	–	–	94,000
	17.1.2024 – 16.1.2026	–	92,400	–	–	92,400	–	–	–	92,400
3.2.2021	3.2.2021 – 2.2.2023	–	–	–	–	–	79,200	–	–	79,200
	3.2.2021 – 2.2.2024	–	–	–	–	–	79,200	–	–	79,200
	3.2.2021 – 2.2.2025	–	–	–	–	–	77,200	–	–	77,200
		3,507,600	280,400	(484,400)	(900,000)	2,403,600	235,600	–	(1,006,400)	1,632,800

29 SHARE OPTION SCHEMES AND SHARE AWARD SCHEME – continued

Share option schemes – continued

		Number of share options								
Date of grant	Vesting period	Outstanding at 1.4.2019	Granted during the year	Lapsed during the year	Exercised	Outstanding at 31.3.2020	Granted during the year	Lapsed/ forfeited during the year	Exercised	Outstanding at 31.3.2021
Employees										
	10.2.2015 – 9.2.2018	1,132,000	–	(42,400)	(1,089,600)	–	–	–	–	–
26.1.2016	26.1.2016 – 25.1.2018	1,515,200	–	(95,200)	(1,420,000)	–	–	–	–	–
	26.1.2016 – 25.1.2019	7,116,800	–	(576,800)	(2,197,600)	4,342,400	–	(168,000)	(4,174,400)	–
26.5.2016	26.5.2016 – 25.5.2018	2,000,000	–	(2,000,000)	–	–	–	–	–	–
13.1.2017	13.1.2017 – 12.1.2019	1,667,200	–	(247,200)	(175,200)	1,244,800	–	(60,800)	(1,184,000)	–
	13.1.2017 – 12.1.2020	1,666,400	–	(249,200)	(38,400)	1,378,800	–	(66,400)	(1,296,000)	16,400
	13.1.2017 – 12.1.2021	1,669,600	–	(259,600)	–	1,410,000	–	(125,200)	(1,090,400)	194,400
12.2.2018	12.2.2018 – 11.2.2020	1,398,800	–	(195,600)	–	1,203,200	–	(48,400)	(1,054,000)	100,800
	12.2.2018 – 11.2.2021	1,387,200	–	(194,000)	–	1,193,200	–	(82,000)	(626,800)	484,400
	12.2.2018 – 11.1.2022	1,247,600	–	(173,200)	–	1,074,400	–	(78,000)	–	996,400
28.1.2019	28.1.2019 – 27.1.2021	4,453,600	–	(662,800)	–	3,790,800	–	(488,000)	(2,423,200)	879,600
	28.1.2019 – 27.1.2022	4,444,800	–	(660,800)	–	3,784,000	–	(508,800)	–	3,275,200
	28.1.2019 – 27.1.2023	4,239,600	–	(634,800)	–	3,604,800	–	(490,000)	–	3,114,800
17.1.2020	17.1.2022 – 16.1.2024	–	2,174,400	(33,200)	–	2,141,200	–	(216,800)	–	1,924,400
	17.1.2023 – 16.1.2025	–	2,115,600	(31,200)	–	2,084,400	–	(209,600)	–	1,874,800
	17.1.2024 – 16.1.2026	–	1,817,600	(24,000)	–	1,793,600	–	(172,000)	–	1,621,600
3.2.2021	3.2.2021 – 2.2.2023	–	–	–	–	–	1,526,400	(13,200)	–	1,513,200
	3.2.2021 – 2.2.2024	–	–	–	–	–	1,456,000	(10,800)	–	1,445,200
	3.2.2021 – 2.2.2025	–	–	–	–	–	1,167,200	(3,600)	–	1,163,600
		33,938,800	6,107,600	(6,080,000)	(4,920,800)	29,045,600	4,149,600	(2,741,600)	(11,848,800)	18,604,800
		37,446,400	6,388,000	(6,564,400)	(5,820,800)	31,449,200	4,385,200	(2,741,600)	(12,855,200)	20,237,600
Exercisable at the end of the reporting period		15,039,200				9,249,600				2,164,400

Note: The number of share options granted and the relevant exercise price are adjusted to reflect the effect of bonus issues by the Company, including the bonus issue in January 2015 and August 2016.

During the year ended 31 March 2021, share options of 4,385,200 were granted on 3 February 2021. The estimated fair value of the options granted on the grant date is HK$21,930,000. The closing price of the Company's shares at the date of grant were HK$19.78.

During the year ended 31 March 2020, share options of 6,388,000 were granted on 17 January 2020. The estimated fair value of the options granted on the grant date is HK$14,451,000. The closing price of the Company's shares at the date of grant were HK$6.53.

29 SHARE OPTION SCHEMES AND SHARE AWARD SCHEME – continued

Share option schemes – continued

The fair values of the share options at the dates of grant were calculated using the Binomial Option Pricing model after taking into account the different vesting periods. The assumptions used for the calculation for options granted during the years ended 31 March 2021 and 2020 are as follows:

Date of grant	12.2.2018	28.1.2019	17.1.2020	**3.2.2021**
Closing share price at date of grant	HK$6.80	HK$3.91	HK$6.53	**HK$19.78**
Exercise price	HK$7.18	HK$3.91	HK$6.53	**HK$19.78**
Suboptimal exercise factor	1.6 to 2.47	1.6 to 2.47	1.6 to 2.47	**2.2 to 2.8**
Expected volatility	40.09% to 43.72%	38.83% to 39.68%	45.93% to 46.98%	**45.72% to 48.48%**
Expected dividend yield	3.63%	4.02%	1.99%	**4.24%**
Risk free rate	1.64% to 1.81%	1.74% to 1.81%	1.48% to 1.50%	**3.42% to 5.11%**
Fair value	HK$1.62 to HK$2.07	HK$0.81 to HK$1.08	HK$2.07 to HK$2.57	**HK$5.65 to HK$5.96**

The variables and assumptions used above are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The Group recognised an expense of HK$7,509,000 (2020: HK$9,254,000) in relation to the share options granted by the Company.

Share Award Scheme

The Company adopted a share award scheme (the "Share Award Scheme") on 27 January 2011 (the "Adoption Date") with a duration of 10 years commencing from the Adoption Date. The objective of the Share Award Scheme is to recognise the contributions by certain directors, employees of the Group (the "Selected Participants") and to give incentive to them in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group. The Company has set up the Employees' Share Award Scheme Trust (the "Trust") to administer and hold the Company's shares before they are vested and transferred to the Selected Participants. The Trust purchases the Company's shares from the open market with funds provided by the Company for award use. 100% of awarded shares of the Company and the related income derived therefore are vested on the third anniversary date of the grant date. Vesting of the awarded shares of the Company and related income will be conditional on the Selected Participants remaining an employee of the Group until and on each of the relevant vesting dates and his/her execution of the relevant documents to effect the transfer from the Trustee within the period stipulated. An award shall automatically lapse forthwith when a Selected Participant ceases to be an employee of the Group, or the subsidiary employing the Selected Participant ceases to be a subsidiary, or an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company.

Where the awarded shares of the Company do not vest in accordance with the Share Award Scheme, the Trust shall sell such shares of the Company as it determines in its discretion, after having taken into account the recommendations of the Board of Directors of the Company.

The Share Award Scheme has expired on 26 January 2021.

No shares granted by the Company under the Share Award Scheme was outstanding as at 31 March 2020 and 2021.

30 LEASES COMMITMENTS

The Group as lessor

As at 31 March 2021, the Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

	2021 HK$'000	2020 HK$'000
Within one year	**18,779**	32,631
In the second to fifth year inclusive	**44,386**	69,390
Over five years	**3,178**	–
	66,343	102,021

31 CAPITAL COMMITMENTS

	2021 HK$'000	2020 HK$'000
Capital expenditure contracted but not provided for in the consolidated financial statements in respect of		
– acquisition and construction of property, plant and equipment	**227,197**	77,862
– construction of production plant	**509,871**	178,797
Subtotal	**737,068**	256,659
Other commitments of		
– construction of properties under development	**10,587**	24,534
– investment in joint ventures	**11,841**	10,917
– acquisition of subsidiaries	**197,807**	–
Subtotal	**220,235**	35,451
Total	**957,303**	292,110

32 RELATED PARTY DISCLOSURES

(a) Senior management

(i) Related party transactions

During the year, the Group entered into the following transactions with related parties:

	2021 HK$'000	2020 HK$'000
Rental expense paid to related parties (Note)	**2,916**	2,916

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.

(ii) Compensation of key management personnel

The emoluments of executive directors who are also identified as members of key management of the Group during the year are set out in note 37(a).

33 FINANCIAL INSTRUMENTS BY CATEGORY

	2021 HK$'000	2020 HK$'000
Financial assets		
Financial assets at amortised cost		
– Trade, bills and other receivables	**2,091,416**	1,507,291
– Structured deposits	**–**	3,946
– Short-term bank deposits	**892,066**	–
– Restricted bank balances	**12,237**	23,636
– Cash and cash equivalents	**2,404,027**	2,020,245
FVPL	**372,750**	204,682
	5,772,496	3,759,800
Financial liabilities		
Financial liabilities at amortised cost		
– Trade, bills and other payables	**1,461,919**	1,320,771
– Lease liabilities	**46,727**	58,288
– Bank borrowings	**3,589,909**	3,979,285
	5,098,555	5,358,344

34 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash generated from operations

	Note	2021 HK$'000	2020 HK$'000
Profit before income tax		**2,360,314**	2,109,244
Adjustments for:			
Amortisation of other intangible assets	8	**33,438**	32,224
Depreciation of property, plant and equipment	8	**389,891**	278,312
Depreciation of right-of-use assets	8	**70,465**	91,333
Impairment loss on property, plant and equipment		**–**	56
Equity-settled share-based payments expense		**7,509**	9,254
Fair value loss on financial assets at fair value through profit or loss		**61,793**	1,746
Fair value (gain)/loss on investment properties		**(238)**	4,569
Finance costs	9	**96,046**	155,947
(Reversal of)/provision for impairment of inventories		**(18,032)**	24,398
Provision for impairment of trade and bills receivables		**2,042**	3,527
Interest income		**(48,004)**	(58,897)
Income on structured deposits		**(13,553)**	(3,764)
Loss on disposal of property, plant and equipment		**692**	2,751
Share of results of joint ventures		**(5,707)**	(805)

34 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS – continued

(a) Cash generated from operations – continued

	Note	2021 HK$'000	2020 HK$'000
		2,936,656	2,649,895
Changes in working capital:			
Increase in inventories		**(445,402)**	(130,235)
(Increase)/decrease in trade and bills receivables		**(471,504)**	99,493
(Increase)/decrease in other receivables and prepayments		**(229,434)**	96,668
(Decrease)/increase in trade and bills payables		**(5,201)**	299,500
Increase in other payables and accruals		**294,381**	50,388
Increase/(decrease) in contract liabilities		**102,289**	(306,884)
Decrease in other non-current liabilities		**(55)**	(334)
Increase in properties under development		**(2,373)**	(88,001)
Decrease in properties held for sale		**103,612**	468,556
Net cash generated from operations		**2,282,969**	3,139,046

(b) Non-cash investing and financing activities

- Utilisation of deposits of HK$117,962,000 (2020: HK$106,349,000) for acquisition of property, plant and equipment
- Addition of right-of-use assets of HK$20,454,000 (2020: HK$69,188,000)
- Transfer from right-of-use assets of nil (2020: HK$155,501,000) to properties under development
- Transfer from property, plant and equipment of nil (2020: HK$11,589,000) to properties under development
- Transfer from property, plant and equipment of HK$310,164,000 (2020: nil) to property held for sale
- Transfer from property under development of nil (2020: HK$518,014,000) to property held for sale

(c) Reconciliation of liabilities arising from financing activities

The following section sets out an analysis of net debt and the movements in net debt for each of the years presented.

Net debt	2021 HK$'000	2020 HK$'000
Bank borrowings	**3,589,909**	3,979,285
Lease liabilities	**46,727**	58,288
Net debt	**3,636,636**	4,037,573

34 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS – continued

(c) Reconciliation of liabilities arising from financing activities – continued

	Loans HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1 April 2019	4,552,769	67,124	4,619,893
Commencement of lease	–	69,188	69,188
Financing cash flows	(522,829)	(78,024)	(600,853)
Foreign exchange translation	(50,655)	–	(50,655)
At 31 March 2020	3,979,285	58,288	4,037,573
At 1 April 2020	3,979,285	58,288	4,037,573
Commencement of lease	–	20,454	20,454
Interest on lease liabilities	–	2,411	2,411
Financing cash flows	(442,496)	(34,426)	(476,922)
Foreign exchange translation	53,120	–	53,120
At 31 March 2021	3,589,909	46,727	3,636,636

35 SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 March 2021 and 2020 are as follows:

Name of subsidiary	Place/Country of incorporation or establishment/ operations	Issued and fully paid share capital/registered capital	Attributable equity interest held by the Group as at 31 March 2021	2020	Principal activities
Directly owned					
Man Wah Group Limited	British Virgin Islands ("BVI")	US$50,000	**100%**	100%	Investment holding
Man Wah USA, Inc.	United States of America	US$310,000	**100%**	100%	Advertising and marketing of home furnishing products
Man Wah UK Ltd.	United Kingdom	GBP100	**100%**	100%	Advertising and marketing of home furnishing goods
Indirectly owned					
Man Wah Industrial Company Limited 敏華實業有限公司	Hong Kong	HK$3,000,000	**100%**	100%	Investment holding and trading of sofas and other furniture
Man Wah Furniture (China) Co., Ltd.* [1] 敏華家具(中國)有限公司	The PRC	US$60,000,000	**100%**	100%	Manufacturing and trading of sofas, bedding products, other furniture and foam
Man Wah (Macao Commercial Offshore) Limited 敏華(澳門離岸商業服務)有限公司	Macau	MOP100,000	**100%**	100%	Offshore sales, management business consultancy, back office support

35 SUBSIDIARIES – continued

Details of the Company's principal subsidiaries as at 31 March 2021 and 2020 are as follows:

Name of subsidiary	Place/Country of incorporation or establishment/ operations	Issued and fully paid share capital/registered capital	Attributable equity interest held by the Group as at 31 March 2021	2020	Principal activities
Indirectly owned (continued)					
Man Wah Industrial (Wujiang) Co., Ltd.* [1] 敏華實業(吳江)有限公司	The PRC	US$60,000,000	**100%**	100%	Manufacturing and trading of sofas, bedding products, other furniture and foam
Man Wah Furniture Headquarter (Wujiang) Co., Ltd.* [1] 敏華家具總部(吳江)有限公司	The PRC	US$110,000,000	**100%**	100%	Property development and hotel operation
Remaco Machinery Technology (Wujiang) Co., Ltd.* [1] 鋭邁機械科技(吳江)有限公司	The PRC	RMB150,000,000	**93.75%**	93.75%	Manufacturing of furniture components
Man Wah (International) Industrial Limited 敏華(國際)實業有限公司	Hong Kong	HK$100	**100%**	100%	Trading of sofas and other furniture and property investment
Man Wah Furniture Manufacturing (Huizhou) Co., Ltd.* [1] 敏華家具製造(惠州)有限公司 ("Man Wah Huizhou")	The PRC	US$102,000,000	**100%**	100%	Manufacturing and trading of sofas
Man Wah Home Furnishing (Huizhou) Co., Ltd.* [1] 敏華家居產業(惠州)有限公司	The PRC	US$1,800,000	**100%**	100%	Manufacturing and trading of sofas, bedding products, other furniture and foam
Strongest Will International Limited 淩志國際有限公司	Hong Kong	HK$10,000	**90%**	90%	Investment holding
Man Wah Brand Management (Tianjin) Co., Ltd* [1] 敏華品牌管理(天津)有限公司	The PRC	RMB500,000,000	**100%**	100%	Trading of sofas, bedding products, other furniture and foam
Man Wah Home Center (Huizhou) Co., Ltd* [1] 敏華家居商場(惠州)有限公司	The PRC	US$32,500,000	**100%**	100%	Operation, leasing and management of furniture mall
Suzhou Ju Long Ge Property Management Company Limited* 蘇州聚瓏閣物業管理有限公司	The PRC	RMB500,000	**100%**	100%	Providing property management service
Chongqing Man Wah Furniture Manufacturing Co., Ltd.* 重慶敏華家具製造有限公司	The PRC	RMB300,000,000	**100%**	100%	Manufacturing and trading of sofas, bedding products, other furniture and foam
Man Wah Intelligent Technology (Huizhou) Co., Ltd* [2] 敏華智能科技(惠州)有限公司	The PRC	RMB13,000,000	**100%**	100%	Research and production of smart drive machine and electric regulator
Chongqing Carnival Business Service Co., Ltd* 重慶嘉年名華商務服務有限公司	The PRC	RMB50,000,000	**100%**	100%	Providing business management service, advertising service and design service
Huizhou Man Wah Business Management Service Co., Ltd* 惠州市敏華企業管理服務有限公司	The PRC	RMB1,000,000	**100%**	100%	Providing business management service
Chongqing Man Wah Luohuang Industrial Co., Ltd* 重慶敏華珞璜實業有限公司	The PRC	RMB200,000,000	**100%**	100%	Providing business management service, advertising service and warehouse service
Chongqing Carnival Brand Management Co., Ltd* 重慶嘉年名華品牌管理有限公司	The PRC	RMB100,000,000	**89%**	89%	Providing brand management, business consulting and import & export service

35 SUBSIDIARIES – continued

Details of the Company's principal subsidiaries as at 31 March 2021 and 2020 are as follows:

Name of subsidiary	Place/Country of incorporation or establishment/ operations	Issued and fully paid share capital/registered capital	Attributable equity interest held by the Group as at 31 March		Principal activities
			2021	2020	
Indirectly owned (continued)					
Jiangsu Yulong Intelligent Technology Co., Limited* 江蘇鈺龍智能科技有限公司	The PRC	RMB20,000,000	**75%**	75%	Manufacturing of furniture components
Jiangsu Delanshi Furniture Co. Limited* 江蘇德蘭仕傢俱有限公司	The PRC	RMB50,000,000	**80%**	80%	Manufacturing and trading of sofa
Lingzhi Furniture (Huizhou) Co., Ltd. 淩志傢俱 (惠州) 有限公司	The PRC	HK$1,000,000	**90%**	90%	Manufacturing and trading of sofa
Lingzhi Furniture (Suzhou) Co., Ltd. 淩志傢俱 (蘇州) 有限公司	The PRC	HK$1,000,000	**90%**	90%	Manufacturing and trading of sofa
Tianjin Zhitian Furniture Co., Ltd. 天津志天傢俱有限公司	The PRC	RMB200,000	**90%**	90%	Manufacturing and trading of sofa
Chongqing Zhitian Furniture Co., Ltd.* 重慶志天傢俱有限公司	The PRC	RMB1,000,000	**90%**	90%	Manufacturing and trading of sofa
Chongqing Ruimak Brand Management Co., Ltd.* 重慶鋭瑪克品牌管理有限公司	The PRC	RMB1,000,000	**93.75%**	93.75%	Trading of furniture components
Chongqing Ruipuslin Intelligent Technology Co., Ltd.* 重慶睿普斯林智能科技有限公司	The PRC	RMB10,000,000	**93.75%**	93.75%	Trading of furniture components
Huizhou Ruipuslin Intelligent Technology Co., Ltd.* 惠州市睿普斯林智能科技有限公司	The PRC	RMB1,000,000	**93.75%**	93.75%	Manufacturing of furniture components
Chongqing Minhua Brand Management Co., Ltd.* 重慶敏華品牌管理有限公司	The PRC	RMB500,000,000	**100%**	100%	Trading of sofas, bedding products, other furniture and foam
Shanghai Qingzhu Trading Co., Ltd.* 上海箐築貿易有限公司	The PRC	RMB25,359,501	**66%**	66%	Manufacturing and trading of bedding products, other furniture and foam
Chongqing Bama Business Management Co., Ltd.* 重慶白馬商業管理有限公司	The PRC	RMB3,000,000	**51%**	51%	Online sale
Minhai Co., Limited 敏海有限責任公司	The PRC	RMB 1,000,000,000	**100%**	100%	Trading of sofas, bedding products, other furniture and foam
Timberland Company Limited*	Timberland	US$12,000,000	**100%**	100%	Manufacturing and trading of sofas
Shanxi Minhua Furniture Intelligent Manufacturing Co., Ltd.*[2] 陝西敏華家居智造有限公司	The PRC	RMB15,000,000	**100%**	N/A	Manufacturing and trading of sofas
Huizhou City Pulini Home Furnishing Co., Limited*[3] 惠州普丽尼家居有限公司	The PRC	RMB8,000,000	**51%**	N/A	Manufacturing and trading of furnitures
Home Group Ltd.[4]	Cayman Islands	EUR6,000	**50%[4]**	50%[4]	Investment holding
Home Group Holdings Ltd.[4]	Hong Kong	HK$1	**50%[4]**	50%[4]	Investment holding

* English translated name is for identification only.

35 SUBSIDIARIES – continued

Details of the Company's principal subsidiaries as at 31 March 2021 and 2020 are as follows:

1 These companies were established in the PRC in the form of wholly foreign-owned enterprise.
2 These companies were newly incorporated during the year ended 31 March 2021.
3 These companies were newly acquired during the year ended 31 March 2021.
4 According to the Shareholders' Agreement, the Group has the majority voting power in the Board of Directors of Home Group, by which the relevant activities that significantly affect the return of Home Group are determined on a simple majority basis, and accordingly, Home Group is accounted for as a subsidiary of the Group.

The above table only lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had any loan capital subsisting at the end of the year or at any time during the year.

(a) Material non-controlling interests

Set out below is summarised financial information for a subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed are before inter-company eliminations.

	Home Group Ltd.	
	2021	2020
	HK$'000	HK$'000
Summarised balance sheet		
Non-current assets	**373,358**	439,065
Current assets	**366,293**	190,882
Non-current liabilities	**47,160**	45,913
Current liabilities	**121,075**	123,296
Total equity	**571,416**	460,738
Summarised statement of comprehensive income		
Revenue	**764,072**	744,116
Profit and total comprehensive income for the year	**73,120**	39,416
Profit attributable to owners of the Company	**33,407**	15,635
Profit attributable to the non-controlling interests	**39,713**	23,781
Summarised cash flows		
Net cash inflow from operating activities	**75,451**	79,473
Net cash (outflow)/inflow from investing activities	**(25,072)**	504
Net cash inflow/(outflow) from financing activities	**38,625**	(14,622)
Net increase in cash and cash equivalents	**89,004**	65,355

36 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2021 HK$'000	2020 HK$'000
ASSETS		
Non-current assets		
Interests in subsidiaries	**3,711,080**	3,711,080
	3,711,080	3,711,080
Current assets		
Other receivables and prepayments	**591**	1,009
Amounts due from subsidiaries	**743,981**	–
Cash and bank balances	**330**	163
	744,902	1,172
Current liabilities		
Amounts due to subsidiaries	**31**	1,543,415
Other payables and accruals	**4,136**	3,655
	4,167	1,547,070
Net current liabilities	**740,735**	(1,545,898)
Net assets	**4,451,815**	2,165,182
EQUITY		
Equity attributable to owners of the Company		
Share capital	**1,583,518**	1,518,376
Reserves (Note)	**2,868,297**	646,806
Total equity	**4,451,815**	2,165,182

36 STATEMENT OF FINANCIAL POSITION OF THE COMPANY – continued

Note: Movement in reserves of the Company are as follows:

	Contributed surplus HK$'000	Shares held under share award scheme HK$'000	Share option reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 April 2019	92,144	(448)	20,462	814,720	926,878
Profit and total comprehensive income for the year	–	–	–	325,957	325,957
Repurchase of shares	(117,544)	–	–	(23,836)	(141,380)
Recognition of equity-settled share-based payments	–	–	9,254	–	9,254
Issue of shares upon exercise of share options	25,400	–	(2,810)	–	22,590
Dividends paid	–	–	–	(496,494)	(496,494)
At 31 March 2020	–	(448)	26,906	620,347	646,805
Profit and total comprehensive income for the year	–	–	–	689,178	689,178
Issuance of ordinary shares, net of transaction cost	2,302,707	–	–	–	2,302,707
Recognition of equity-settled share-based payments	–	–	7,509	–	7,509
Issue of shares upon exercise of share options	72,224	–	(13,830)	–	58,394
Dividends paid	–	–	–	(836,296)	(836,296)
At 31 March 2021	2,374,931	(448)	20,585	473,229	2,868,297

37 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES)

(a) Directors' and chief executive's emoluments

Details of the emoluments paid to the directors of the Company for the year are as follows:

Name of directors	Directors' fee HK$'000	Salaries and other allowances HK$'000	Discretionary bonus HK$'000 (Note iv)	Share-based payment HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
For the year ended 31 March 2021						
Executive Directors:						
Mr. Wong Man Li (Chairman)	380	1,420	76	197	18	2,091
Mr. Feng Guohua (Note i)	156	6,938	273	31	10	7,408
Ms. Hui Wai Hing	380	1,055	87	121	–	1,643
Ms. Yang Huiyan (Note ii)	285	1,443	–	–	6	1,734
Mr. Alan Marnie	380	4,596	–	–	–	4,976
Mr. Dai Quanfa	380	2,040	124	268	22	2,834
Ms. Wong Ying Ying	380	683	13	97	6	1,179
Independent non-executive Directors:						
Mr. Ong Chor Wei	380	–	–	–	–	380
Mr. Chau Shing Yim David	380	–	–	–	–	380
Mr. Kan Chung Nin, Tony	380	–	–	–	–	380
Mr. Ding Yuan	380	–	–	–	–	380
	3,861	18,175	573	714	62	23,385

37 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES) – continued

(a) Directors' and chief executive's emoluments – continued

Name of directors	Directors' fee HK$'000	Salaries and other allowances HK$'000	Discretionary bonus HK$'000 (Note iii)	Share-based payment HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
For the year ended 31 March 2020						
Executive Directors:						
Mr. Wong Man Li (Chairman)	380	1,349	74	225	17	2,045
Ms. Hui Wai Hing	380	1,035	58	141	–	1,614
Ms. Yang Huiyan (Note ii)	81	734	–	–	2	817
Mr. Alan Marnie	380	4,889	–	–	–	5,269
Mr. Dai Quanfa	380	1,328	125	256	23	2,112
Ms. Wong Ying Ying	380	539	41	112	6	1,078
Mr. Tsang Hoi Lam (Note iii)	299	1,141	–	–	10	1,450
Independent non-executive Directors:						
Mr. Ong Chor Wei	380	–	–	–	–	380
Mr. Chau Shing Yim David	380	–	–	–	–	380
Mr. Kan Chung Nin, Tony	380	–	–	–	–	380
Mr. Ding Yuan	380	–	–	–	–	380
	3,800	11,015	298	734	58	15,905

Notes:

(i) Appointed as an executive director of the Company on 3 November 2020.

(ii) Appointed as an executive director of the Company on 15 January 2020 and resigned on 31 December 2020.

(iii) Resigned as an executive director of the Company on 15 January 2020.

(iv) Discretionary bonus are recommended by the Remuneration Committee and approved by the Board of Directors, having regard to the Group's operating result, individual performance and comparable market statistics.

37 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES) – continued

(b) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the year (2020: Nil).

(c) Directors' termination benefits

None of the directors received or will receive any termination benefits during the year (2020: Nil).

(d) Consideration provided to third parties for making available directors' services

During the year ended 31 March 2021, the Company did not pay consideration to any third parties for making available directors' services (2020: Nil).

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There is no other loans, quasi-loans and other dealing arrangements in favour of directors, bodies corporate controlled by and entities connected with all directors of the Company as at 31 March 2021 (2020: Nil).

(f) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

38 FINANCIAL GUARANTEES

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of two to three months upon the completion of guarantee registration; or (ii) the full repayment of mortgaged loan by the purchasers of properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to retain the legal title and take over possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. As at 31 March 2021, the amount of outstanding guarantees for mortgages were approximately HK$16,557,000 (2020: HK$74,021,000).The directors consider that the likelihood of default in payments by purchasers is minimal and as the Group is entitled to retain the ownership of the properties, the valuation of which is significantly higher than the guaranteed amounts, the financial guarantees measured at fair value is immaterial.

39 SUBSEQUENT EVENT

(i) Acquisition of Shenzhen Style Home Furnishing Co., Ltd

On 18 December 2020, the Group entered into an acquisition agreement with two independent third parties (the "**Seller**"), pursuant to which the Group agreed to acquire and the Seller agreed to sell the 51% equity interest in the target company, namely Shenzhen Style Home Furnishing Co., Ltd ("**Shenzhen Style**"), at a consideration determined under a contingent arrangement based on the performance indicators for the years ended 31 December 2021, 2022 and 2023. Pursuant to the acquisition agreement, the minimum and maximum consideration will be RMB183,600,000 (equivalent to approximately HK$217,407,000) and RMB367,200,000 (equivalent to approximately HK$434,813,000) respectively and shall be paid in cash. On 1 April 2021, all conditions precedent under the acquisition agreement have been fulfilled and the 51% equity interest of Shenzhen Style has been transferred to the Group and the acquisition has been completed.

(ii) Acquisition of Lion Rock Group Holdings Limited, Pacific Shiner Investment Limited and Gold Sands Investment Company Limited

On 3 February 2021, the Group entered into two acquisition agreements with an independent third party (the "**Vendor**"), pursuant to which the Group agreed to acquire and the Vendor agreed to sell 60% equity interest in Lion Rock Group Holdings Limited, Pacific Shiner Investment Limited and Gold Sands Investment Company Limited (the "**Target Companies**"), respectively. According to the acquisition agreements, consideration will be determined based on 9 times of the net profit generated by the Target Companies for the year ending 31 December 2021, which will be paid in cash. In April 2021, as all the conditions precedent under the acquisition agreements have been fulfilled, the 60% equity interest in the Target Companies have been transferred to the Group and the acquisition has been completed.

Particulars of Major Properties

Location		Existing use	Lease term	Attributable interest of the Group
Investment properties				
1.	All the portion of Ground Floor and whole of 1st Floor (and the flat roof appertaining thereto), Circle Court, Nos. 3 & 5 Java Road, North Point, Hong Kong	Commercial	Medium	100%
2.	Flat B (with A/C Room(s) pertaining thereto which is/are accessible from the flat itself) on 36th Floor of Tower 8, The Palazzo, No. 28 Lok King Street, Shatin, New Territories	Commercial	Medium	100%
3.	Praca Wong Chio L19, Alameda Dr. Carlos D' Assumpção Nºs 411-417, Em Macau	Commercial	Medium	100%
4.	Unit 1904, Tower 1, Huiyang World Trade Plaza, Baiyun Er Road, Danshui Town, Huiyang District, Huizhou City, Guangdong Province, the PRC	Commercial	Medium	100%
5.	Industrial Complex located at Man Wah Industrial Zone No. 189 Industrial District, Henggang Town, Longgang, Shenzhen City, Guangdong Province, the PRC	Industrial	Medium	100%
6.	CHEERS Exhibition Hall Julongge Sales Department, No. 199 Yundong Avenue, Wujiang Economic and Technological Development Zone, Suzhou City, Jiangsu Province, the PRC	Commercial	Medium	100%
7.	Easyhome Daya Bay Store, 500 Shihua Avenue, Huiyang District, Huizhou City, Guangdong Province, the PRC	Commercial	Medium	100%
8.	Industrialna 10, Kvasyliv, Rivne, Ukraine	Industrial	Long	40%

Location		Existing use	Lease term	Attributable interest of the Group
Properties for the Group's own use				
9.	Industrial Complex located at Man Wah Industrial District Western Section of Daya Bay Economic and Technological Development Zone, Huizhou City, Guangdong Province, the PRC	Industrial	Long	100%
10.	32 Shihua Avenue, Western Section of Daya Bay Economic Huizhou City, Guangdong Province, the PRC	Industrial	Long	100%
11.	No. 5555, TongJin Road, Economic Development Zone, Wujiang City, Jiangsu Province, the PRC	Industrial	Long	100%
12.	No. 888. Xingrui Road, Economic Development Zone, Wujiang City, Jiangsu Province, the PRC	Industrial	Long	100%
13.	CHEERS Flagship Store, CBD International Famous Store Street, 21 North Avenue, Hankou District, Wuhan City, Hubei Province, the PRC	Commercial	Long	100%
14.	Praca Wong Chio J19, Alameda Dr. Carlos D' Assumpção Nºs 411-417, Em Macau	Commercial	Medium	100%
15.	Praca Wong Chio K19, Alameda Dr. Carlos D' Assumpção Nºs 411-417, Em Macau	Commercial	Medium	100%
16.	668 N. Main Street, High Point, NC 27260-5018, USA	Commercial	Long	100%
17.	78 Fuyuan Road, Wuqing Development Zone, Tianjin, the PRC	Industrial	Long	100%

Location	Existing use	Lease term	Attributable interest of the Group
18. A08, Mingdian Street, Jinma Kaixuan Home, Intersection of West Fourth Ring, Longhai West Road, Zhong Yuan District, Zhengzhou City, Henan Province, the PRC	Commercial	Long	100%
19. Luohuang Industrial Park, Jiangjin District, Chongqing, the PRC	Industrial	Long	100%
20. Group No. 2 Binh Chanh Quarter, Khanh Binh Ward, Tan Uyen Town, Binh Dicong Province, Vietnam	Industrial	Long	100%
21. Kopli St. 68/Volta St. 1 &/Kopli St. 70, Tallinn, Estonia	Industrial	Long	40%
22. Kolejowa Street 13-100, Nidzica, Poland	Industrial	Long	40%
23. Lesna Street 13-100, Nidzica, Poland	Industrial	Long	40%
24. Silutès pl. 95, Klaipeda, Lithuania	Industrial	Long	40%
25. Kriukai, Darbininku street 14A and 20A, Sakiai, Lithuania	Industrial	Long	40%
26. Industrialna 12, Kvasyliv, Rivne, Ukraine	Industrial	Long	40%

Financial Summary

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March

	2017 HK$'000	2018 HK$'000	2019 HK$'000	2020 HK$'000	**2021 HK$'000**
Revenue	7,779,015	10,026,573	11,257,792	12,144,299	**16,434,071**
Cost of goods sold	(4,520,832)	(6,283,633)	(7,420,694)	(7,726,600)	**(10,504,964)**
Gross profit	3,258,183	3,742,940	3,837,098	4,417,699	**5,929,107**
Other income	159,752	364,630	421,424	413,794	**511,894**
Other gains/(losses), net	184,001	(26,168)	(102,596)	56,724	**(93,713)**
Selling and distribution expenses	(1,173,878)	(1,693,223)	(1,806,183)	(2,001,747)	**(3,118,564)**
Administrative and other expenses	(365,441)	(442,052)	(550,242)	(622,084)	**(778,071)**
Share of results of joint ventures	–	–	(4,129)	805	**5,707**
Finance costs	(10,271)	(23,542)	(79,345)	(155,947)	**(96,046)**
Profit before income tax	2,052,346	1,922,585	1,716,027	2,109,244	**2,360,314**
Income tax expense	(293,222)	(368,639)	(311,351)	(417,247)	**(336,908)**
Profit for the year	1,759,124	1,553,946	1,404,676	1,691,997	**2,023,406**
Other comprehensive (loss) income:					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of financial statements of foreign operations	(305,526)	522,536	(446,909)	(559,868)	**546,805**
Items that will not be reclassified subsequently to profit or loss:					
Increase in fair value of property, plant and equipment	21,786	3,578	8,373	–	**–**
Total comprehensive income for the year	1,475,384	2,080,060	966,140	1,132,129	**2,570,211**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March

	2017 HK$'000	2018 HK$'000	2019 HK$'000	2020 HK$'000	**2021** **HK$'000**
Profit for the year attributable to:					
Owners of the Company	1,752,370	1,535,908	1,363,801	1,638,069	**1,924,513**
Non-controlling interest	6,754	18,038	40,875	53,928	**98,893**
	1,759,124	1,553,946	1,404,676	1,691,997	**2,023,406**
Total comprehensive income (loss) for the year attributable to:					
Owners of the Company	1,467,215	1,999,700	966,559	1,097,813	**2,439,729**
Non-controlling interest	8,169	80,360	(419)	34,316	**130,482**
	1,475,384	2,080,060	966,140	1,132,129	**2,570,211**
Earnings per share (Note)					
Basic (HK cents)	45.64	40.22	35.62	42.89	**50.26**
Diluted (HK cents)	45.47	40.04	35.60	42.87	**50.10**
Dividend per share (Note)					
Interim dividend (HK cents)	14.0	13	6	7	**10**
Final dividend (HK cents)	14.0	12	6	12	**16**
Full year dividend (HK cents)	28.0	25	12	19	**26**
Dividend Payout Ratio (%)	61.0%	62.1%	33.7%	44.3%	**52.7%**

Note: During the year of FY2017, the company had issued bonus shares on the basis of one bonus share for every one existing shares held by the shareholders on 4 August 2016. For comparison purpose, earnings per share and dividend per share have been restated in each respective period.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March

	2017 HK$'000	2018 HK$'000	2019 HK$'000	2020 HK$'000	**2021** **HK$'000**
Non-current assets					
Property, plant and equipment	2,267,824	3,167,900	3,798,748	3,949,987	**4,774,294**
Investment properties	170,781	210,853	485,110	455,215	**482,067**
Right-of-use assets	–	–	–	2,228,518	**2,324,072**
Lease premium for land	451,219	787,109	2,429,180	–	**–**
Other intangible assets	189,994	245,540	222,033	188,440	**166,517**
Interest in a joint venture	–	–	30,859	29,673	**55,812**
Available-for-sale investment	–	–	–	–	**–**
Deferred tax assets	2,589	3,590	3,708	12,031	**42,678**
Properties under development	384,481	–	–	–	**–**
Refundable earnest money paid for lease premium for land	3,815	–	–	–	**–**
Deposit paid for a land lease	11,280	4,225	3,944	3,692	**167,311**
Prepayments and deposits paid for acquisition of property, plant and equipment	79,612	101,079	70,986	156,023	**126,926**
Deposits paid for acquisition of subsidiaries	–	–	–	–	**244,585**
Financial assets at fair value through profit or loss	–	–	–	–	**1,894**
Goodwill	129,177	393,502	525,904	524,048	**560,519**
	3,690,772	4,913,798	7,570,472	7,547,627	**8,946,675**
Current assets					
Inventories	749,253	1,067,133	1,413,563	1,532,993	**2,003,605**
Properties held for sale	–	–	–	48,227	**254,779**
Properties under development	–	383,415	433,471	149,410	**164,498**
Trade and bills receivables	639,674	956,097	1,309,685	1,210,754	**1,680,529**
Other receivables and prepayments	235,129	397,030	554,817	470,341	**700,841**
Lease premium for land	9,648	18,326	53,171	–	**–**
Financial assets at fair value through profit or loss	–	–	220,650	204,682	**372,750**
Held for trading investments	367,862	311,754	–	–	**–**
Tax recoverable	1,744	7,924	12,519	1,941	**6,854**
Structured deposits	–	–	–	3,946	**–**
Short-term bank deposits	–	–	–	–	**892,066**
Restricted bank balances	9,364	8,303	139,100	23,636	**12,237**
Bank balances and cash	1,808,298	1,406,959	1,438,339	2,020,245	**2,404,027**
	3,820,972	4,556,941	5,575,315	5,666,175	**8,492,186**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March

	2017 HK$'000	2018 HK$'000	2019 HK$'000	2020 HK$'000	**2021** **HK$'000**
Current liabilities					
Trade and bills payables	427,780	753,902	663,432	967,090	**971,142**
Other payables and accruals	485,312	748,446	455,651	452,160	**746,883**
Receipt in advance from sales of properties under development	–	50,011	–	–	**–**
Contract liabilities	–	–	567,740	260,856	**363,145**
Bank borrowing – current portion	1,047,636	1,316,799	2,892,699	3,277,499	**3,588,713**
Tax payable	64,636	72,892	58,379	133,198	**185,864**
Lease liabilities	–	–	–	28,755	**26,419**
	2,025,364	2,942,050	4,637,901	5,119,558	**5,882,166**
Net current assets	1,795,608	1,614,891	937,414	546,617	**2,610,020**
Total assets less current liabilities	5,486,380	6,528,689	8,507,886	8,094,244	**11,556,695**
Non-current liabilities					
Lease liabilities	–	–	–	29,533	**20,308**
Deferred tax liabilities	42,830	56,158	130,086	128,896	**128,854**
Bank borrowing – non-current portion	27,294	23,909	1,660,070	701,786	**1,196**
Other Non-current liabilities	7,337	4,138	1,667	1,333	**1,278**
	77,461	84,205	1,791,823	861,548	**151,636**
	5,408,919	6,444,484	6,716,063	7,232,696	**11,405,059**
Capital and reserves					
Share capital	1,530,256	1,531,511	1,529,249	1,518,376	**1,583,518**
Reserves	3,508,286	4,431,706	4,693,988	5,185,771	**9,157,814**
Equity attributable to owners of the Company	5,038,542	5,963,217	6,223,237	6,704,147	**10,741,332**
Non-controlling interest	370,377	481,267	492,826	528,549	**663,727**
	5,408,919	6,444,484	6,716,063	7,232,696	**11,405,059**