MANWAH

MAN WAH HOLDINGS LIMITED
敏華控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 01999)

ANNOUNCEMENT OF FINAL RESULTS

FOR THE YEAR ENDED 31 MARCH 2013

AND

CLOSURE OF REGISTER OF MEMBERS

The board (the "Board") of directors (the "Directors") of Man Wah Holdings Limited (the "Company") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (the "Group") for the financial year ended 31 March 2013 ("FY2013", the "Review Period" or the "Reporting Period") together with the comparative figures for the previous financial year ended 31 March 2012.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	NOTES	**2013** **HK$'000**	2012 *HK$'000*
Revenue	*3*	**4,876,976**	4,336,353
Cost of goods sold		**(3,105,818)**	(2,861,425)
Gross profit		**1,771,158**	1,474,928
Other income		**89,231**	65,400
Other gains and losses		**33,396**	4,807
Selling and distribution expenses		**(934,550)**	(875,458)
Administrative expenses		**(325,907)**	(329,169)
Share of profit of a jointly controlled entity		**7,374**	4,652
Share of loss of an associate		**(1)**	–
Interest expense on bank borrowings wholly repayable within five years		**(16,807)**	(7,693)
Profit before income tax		**623,894**	337,467
Income tax expense	*4*	**(58,050)**	(35,293)
Profit for the year		**565,844**	302,174
Other comprehensive income			
Exchange differences arising on translation		**27,582**	64,995
Total comprehensive income for the year		**593,426**	367,169
Profit for the year attributable to:			
Owners of the Company		**568,401**	303,345
Non-controlling interests		**(2,557)**	(1,171)
		565,844	302,174
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**595,757**	367,520
Non-controlling interests		**(2,331)**	(351)
		593,426	367,169
Earnings per share			
Basic (HK cents)	*5*	**62.85**	31.47
Diluted (HK cents)		**62.79**	31.46

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2013

	NOTES	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment		**1,531,884**	1,371,095
Investment properties		**31,894**	29,974
Lease premium for land		**445,464**	362,570
Intangible assets		**1,082**	1,293
Interest in a jointly controlled entity		**7,721**	4,847
Interest in an associate		**4**	–
Loan to an associate		**19,040**	–
Deposit paid for an equity investment		**–**	3,701
Available-for-sale investment		**3,749**	–
Deferred tax assets		**2,293**	453
Refundable earnest money paid for lease premium for land		**4,226**	13,247
Deposit paid for acquisition of a land lease		**16,244**	11,281
Derivative financial instruments		**558**	–
Deposits paid for acquisition of property, plant and equipment		**38,595**	20,062
		2,102,754	1,818,523
Current assets			
Inventories		**635,668**	545,902
Trade receivables	*7*	**369,119**	390,714
Other receivables and prepayments	*7*	**197,640**	206,946
Lease premium for land		**9,567**	7,619
Derivative financial instruments		**24,586**	–
Tax recoverable		**317**	12,604
Pledged bank deposits		**–**	310,881
Restricted bank balances		**5,967**	–
Bank balances and cash		**1,655,439**	1,190,072
		2,898,303	2,664,738
Current liabilities			
Trade payables	*8*	**259,135**	294,759
Other payables and accruals	*8*	**311,793**	225,196
Bank borrowings		**745,660**	582,800
Tax payable		**9,345**	6,029
		1,325,933	1,108,784
Net current assets		**1,572,370**	1,555,954
Total assets less current liabilities		**3,675,124**	3,374,477

	2013	2012
	HK$'000	*HK$'000*
Non-current liabilities		
Deferred tax liabilities	**5,908**	4,669
Derivative financial instruments	**249**	–
Government grant receipt in advance	**200,394**	180,890
	206,551	185,559
	3,468,573	3,188,918
Capital and reserves		
Share capital	**356,412**	379,097
Reserves	**3,073,600**	2,779,372
Equity attributable to owners of the Company	**3,430,012**	3,158,469
Non-controlling interests	**38,561**	30,449
	3,468,573	3,188,918

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2013

1. GENERAL

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, a director of the Company.

The Company acts as an investment holding company.

The address of the registered office is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda. The principal place of business of the Company is 1st Floor, Wah Lai Industrial Centre, 10-14 Kwei Tei Street, Fotan, New Territories, Hong Kong.

The functional currency of the Company is United States dollars ("USD"). The consolidated financial statements of the Company are presented in Hong Kong dollars ("HKD") for the convenience of the shareholders as the Company is listed in Hong Kong.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

In the current year, the Group has applied the following new and revised IFRSs issued by the International Accounting Standards Board ("IASB"):

Amendments to IFRS 7 Financial Instruments: Disclosures – Transfers of Financial Assets; and

Amendments to IAS 12 Deferred Tax: Recovery of Underlying Assets.

The application of these new and revised IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

New and revised IFRSs issued but not yet effective

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRSs	Annual Improvements to IFRSs 2009-2011 Cycle[1]
Amendments to IFRS 7	Disclosures-Offsetting Financial Assets and Financial Liabilities[1]
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures[3]
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint arrangements and Disclosure of Interest in Other Entities: Transition Guidance[1]
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities[2]
IFRS 9	Financial Instruments[3]
IFRS 10	Consolidated Financial Statements[1]
IFRS 11	Joint Arrangements[1]
IFRS 12	Disclosure of Interests in Other Entities[1]
IFRS 13	Fair Value Measurement[1]
IAS 19 (as revised in 2011)	Employee Benefits[1]
IAS 27 (as revised in 2011)	Separate Financial Statements[1]
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[2]
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine[1]
IFRIC 21	Levies[2]

[1] Effective for annual periods beginning on or after 1 January 2013.
[2] Effective for annual periods beginning on or after 1 January 2014.
[3] Effective for annual periods beginning on or after 1 January 2015.
[4] Effective for annual periods beginning on or after 1 July 2012.

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9 are described as follows:

- All recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent Reporting Periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

IFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors anticipate that the adoption of IFRS 9 for annual periods beginning on 1 April 2015 will not have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2012, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

IFRS 10 replaces the parts of IAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and SIC 12 *Consolidation – Special Purpose Entities*. IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the application of these five IFRSs for the first time.

These five standards are effective for annual periods beginning on or after 1 April 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning on 1 April 2013 would have no significant impact on its results of performance and financial position.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 *Financial Instruments: Disclosures* will be extended by IFRS 13 to cover all assets and liabilities within its scope.

IFRS 13 is effective for annual periods beginning on or after 1 April 2013, with earlier application permitted. The directors anticipate that the application of the new standard for annual periods beginning on 1 April 2013 may affect certain amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to IAS 1, a "statement of comprehensive income" is renamed as a "statement of profit or loss and other comprehensive income" and an "income statement" is renamed as a "statement of profit or loss". The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to statement of profit or loss; and (b) items that may be reclassified subsequently to statement of profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in future accounting periods.

The directors anticipate that other amendments will have no effect on the Group's consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

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

For the year ended 31 March 2013

	Sofa (export sales) *HK$'000*	Sofa (retail and wholesale in Mainland China) *HK$'000*	Sofa (retail and wholesale in Hong Kong) *HK$'000*	Bedding products *HK$'000*	Total segments *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
REVENUE							
External sales	**3,485,653**	**1,098,029**	**84,233**	**209,061**	**4,876,976**	**–**	**4,876,976**
Inter-segment sales	**42,369**	**42,345**	**–**	**–**	**84,714**	**(84,714)**	**–**
	3,528,022	**1,140,374**	**84,233**	**209,061**	**4,961,690**	**(84,714)**	**4,876,976**
RESULTS							
Segment results	**419,705**	**169,135**	**6,599**	**26,721**	**622,160**	**(10,526)**	**611,634**
Interest income							**2,837**
Income on structured deposits							**48,279**
Rental income							**3,002**
Exchange gain – net							**5,890**
Fair value gain on investment properties							**1,723**
Gain on derivative financial instruments							**26,056**
Interest expense on bank borrowings wholly repayable within five years							**(16,807)**
Central administrative costs and directors' emoluments							**(66,093)**
Share of profit of a jointly controlled entity							**7,374**
Share of loss of an associate							**(1)**
Profit before income tax							**623,894**

For the year ended 31 March 2012

	Sofa (export sales) *HK$'000*	Sofa (retail and wholesale in Mainland China) *HK$'000*	Sofa (retail and wholesale in Hong Kong) *HK$'000*	Bedding products *HK$'000*	Total segments *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
REVENUE							
External sales	3,083,994	951,653	98,214	202,492	4,336,353	–	4,336,353
Inter-segment sales	267,977	46,728	–	9,263	323,968	(323,968)	–
	3,351,971	998,381	98,214	211,755	4,660,321	(323,968)	4,336,353
RESULTS							
Segment results	304,165	79,962	(291)	8,450	392,286	(26,342)	365,944
Interest income							9,837
Income on structured deposits							34,032
Rental income							2,892
Exchange gain – net							6,842
Fair value gain on investment properties							907
Loss on derivative financial instruments							(17)
Interest expense on bank borrowings wholly repayable within five years							(7,693)
Central administrative costs and directors' emoluments							(79,929)
Share of profit of a jointly controlled entity							4,652
Profit before income tax							337,467

Inter-segment sales are charged at prevailing market price.

Other information:

	Sofa (export sales) ***HK$'000***	**Sofa (retail and wholesale in Mainland China)** ***HK$'000***	**Sofa (retail and wholesale in Hong Kong)** ***HK$'000***	**Bedding products** ***HK$'000***	**Consolidated and segment total** ***HK$'000***
Amounts included in the measure of segment profit:					
For the year ended 31 March 2013					
(Gain) loss on disposal of property, plant and equipment	**283**	**(107)**	**(453)**	**4**	**(273)**
Depreciation and amortisation	**62,025**	**52,227**	**2,068**	**7,701**	**124,021**
Release of lease premium for land	**2,499**	**10,021**	**–**	**–**	**12,520**
Impairment loss on trade receivables	**546**	**–**	**–**	**–**	**546**
Allowance for inventories	**6,176**	**–**	**–**	**–**	**6,176**

	Sofa (export sales) HK$'000	Sofa (retail and wholesale in Mainland China) HK$'000	Sofa (retail and wholesale in Hong Kong) HK$'000	Bedding products HK$'000	Consolidated and segment total HK$'000
For the year ended 31 March 2012					
Loss on disposal of property, plant and equipment	297	237	52	345	931
Depreciation and amortisation	50,105	27,979	2,865	7,129	88,078
Release of lease premium for land	2,227	–	–	–	2,227
Impairment loss on trade receivables	685	–	–	–	685
Impairment loss on amount due from a non-controlling interest	1,012	–	–	–	1,012
Impairment loss on other receivables	297	–	–	–	297
Allowance for inventories	–	–	–	1,511	1,511

Geographical information:

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

	2013 *HK$'000*	2012 *HK$'000*
United States of America ("U.S.")	**2,550,195**	2,232,350
Canada	**200,906**	226,736
PRC (including Hong Kong)	**1,391,323**	1,252,359
Europe *(note)*	**511,102**	410,484
Others *(note)*	**223,450**	214,424
	4,876,976	4,336,353

Note: The countries included in these two categories included mainly United Kingdom, Ireland, Spain, Russia, Australia, South Africa, Korea and New Zealand. No further analysis by countries of these two categories is presented because the revenue from each individual country is insignificant to the total revenue.

All of the Group's non-current assets are located in Mainland China and Hong Kong at the end of the Reporting Period.

Information about major customers:

During the year, none of the Group's customers individually contributed more than 10% of the Group's revenue (2012: none). The top five customers contributed around 29% (2012: 28%) of revenue of the Group for the year ended 31 March 2013.

Revenue from major products:

The Group's revenue from its major products, sofa and bedding products is disclosed in the segment revenue disclosures.

4. INCOME TAX EXPENSE

	2013	2012
	HK$'000	*HK$'000*
Current tax:		
PRC Enterprise Income Tax	**56,832**	30,381
U.S.	**2,325**	1,878
	59,157	32,259
(Over)underprovision in prior years:		
Hong Kong	**–**	9
PRC Enterprise Income Tax	**(65)**	2,098
U.S.	**(445)**	927
	(510)	3,034
Deferred tax:		
Current year	**(597)**	–
	58,050	35,293

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year of 2013. No provision for Hong Kong Profits Tax has been made in both years as the Group had no assessable profits arising in Hong Kong.

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% from 1 January 2008 onwards.

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

The U.S. income tax charge comprises federal income tax calculated at 34% and state income tax calculated from 0 to 9.8% 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.

5. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share for the year is based on the following data:

	2013	2012
	HK$'000	*HK$'000*
Earnings		
Profit for the year attributable to owners of the Company for the purposes of basic and diluted earnings per share	**568,401**	303,345

	Number of shares	Number of shares
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares in issue during the year for the purposes of basic earnings per share	**904,433**	963,792
Effect of dilutive potential ordinary shares		
– Unvested awarded shares	**289**	344
– Share option	**509**	–
Weighted average number of ordinary shares in issue during the year for the purposes of diluted earnings per share	**905,231**	964,136

The weighted average number of shares for the years ended 31 March 2013 and 2012 have been arrived at after eliminating the shares of the Company held under the share award scheme.

The computation of diluted earnings per share for the years ended 31 March 2012 does not assume the exercise of the Company's outstanding share options because the exercise price of these options was higher than the average market price of shares for the year.

6. DIVIDENDS

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

	2013	2012
	HK$'000	*HK$'000*
Final dividend for 2012 of HK$0.07 (2012: HK$0.13 for 2011) per share	**63,027**	126,248
Interim dividend for 2013 of HK$0.1 (2012: HK$0.06 for 2012) per share	**89,104**	58,268
	152,131	184,516

A final dividend of HK18 cents per share in respect of the year ended 31 March 2013, amounting to approximately HK$159,390,000 has been proposed by the Board of Directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

7. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2013	2012
	HK$'000	*HK$'000*
Trade receivables		
Trade and bills receivables	**369,119**	390,714
Other receivables and prepayments		
Valued added taxes recoverable	**96,197**	65,751
Deposits	**32,652**	27,359
Sundry receivables	**28,325**	46,143
Prepayments	**40,466**	67,693
	197,640	206,946

Other than cash and credit card sales for retail transactions, the Group generally allows a credit period of 30 to 90 days for export customers and 180 days for high speed train manufacturers which are state-owned enterprises. The aged analysis of the Group's trade and bills receivables (net of allowance for doubtful debts) presented based on the invoice date at the end of the Reporting Period is as follows:

	2013	2012
	HK$'000	*HK$'000*
0 – 30 days	**243,706**	247,670
31 – 60 days	**82,114**	100,832
61 – 90 days	**33,575**	9,364
Over 90 days	**9,724**	32,848
	369,119	390,714

8. TRADE AND OTHER PAYABLES AND ACCRUALS

	2013	2012
	HK$'000	*HK$'000*
Trade and bills payables	**259,135**	294,759
Trade deposits received from customers	**91,684**	72,756
Accruals	**174,612**	109,037
Payables for acquisition of property, plant and equipment	**33,551**	25,750
Others	**11,946**	17,653
	311,793	225,196

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

The aged 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:

	2013	2012
	HK$'000	*HK$'000*
0 – 30 days	**205,318**	259,362
31 – 60 days	**35,537**	27,461
61 – 90 days	**17,321**	358
Over 90 days	**959**	7,578
	259,135	294,759

9. CAPITAL COMMITMENTS

	2013	2012
	HK$'000	*HK$'000*
Capital expenditure contracted for but not provided for in the consolidated financial statements in respect of		
– acquisition of property, plant and equipment	**60,630**	45,079
– construction of production plant	**3,359**	56,209
– lease premium for land	**43,381**	69,400
	107,370	170,688
Capital expenditure authorised for but not contracted for in the consolidated financial statements in respect of		
– lease premium for land	**–**	81,452

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 March 2013, the Group continued the manufacture and sale of furniture with an emphasis on reclining sofas, and achieved encouraging results in each major market.

Retail Business

As at 31 March 2013, the Group had a total of 894 "CHEERS" and "ENLANDA" retail stores in Mainland China.

The Group owned 176 "CHEERS" and 86 "ENLANDA" retail stores located in 20 cities in Mainland China, including first tier cities such as Shenzhen, Guangzhou and Shanghai, as well as 8 "CHEERS" and "MOREWELL" retail stores in Hong Kong.

At the same time, distributors of the Group operated 443 "CHEERS" and 189 "ENLANDA" retail stores in second and third-tier cities in Mainland China, including Qingdao, Chongqing and Nanjing, with coverage across 28 provinces.

Internet sales business

Besides establishing physical stores in Mainland China, the Group has grasped the opportunity arising from the rapid development of e-commerce and officially established its online retail business in July 2011 and sales increased month by month. During the Review Period, the online retail business realized annual sales revenue of approximately HK$65,464,000 online, increasing by approximately 5.5 times compared with the last financial year, which was extremely encouraging. Currently, the Group continues to utilize TMALL as its primary internet sales platform, but it will also actively develop other online sales channels. Online sales are directed towards younger consumers. Emphasis is placed on reclining chairs with modern designs and high-cost-performance. These products are popular among young consumers and also nicely complement the merchandise in the Group's physical stores.

Export business

Our "CHEERS" reclining sofa are directly exported to overseas retailers, including the U.S., Europe, Asia and some other areas. In the overseas market, the Group regularly participates in furniture exhibitions held in major markets to promote new products. Meanwhile, it has also set up local teams to build long term partnerships with local retailers. During FY2013, the Group participated in 8 overseas exhibitions, such as in Las Vegas, High Point and Cologne. 62 new export customers were added for the year.

In the U.S. market, the Group has continued to cooperate with major furniture retailers and constantly improved services, resulting in a stable growth in sales to existing customers. At the same time, it has further expanded its customer base. During FY2013, the Group procured more than 27 retailers as new customers. Sales from the U.S. increased year-on-year by approximately 14.2% during FY2013.

In the European market, benefiting from its newly established professional and efficient local team, the Group has gradually extended cooperation with large furniture retailers. Recently, the Group's business in Europe has demonstrated rapid growth even though the market is still under the adverse influence of the European debt crisis. During FY2013, the Group obtained 20 new export customers from Europe and sales from the European market increased year-on-year by approximately 24.5%.

Product research and development

During FY2013, the Group's R&D team has accommodated the latest market demands and introduced a range of new sofas in a timely manner, which have been well received by the market. In response to high prices of genuine leather sofas caused by constantly rising genuine leather costs, the Group introduced reclining sofas made from "Leath-Aire", a revolutionary technological fabric which possesses near-genuine leather properties and is reasonably priced. Its introduction has been a huge success with overseas and domestic customers alike, and has generated of high volume of orders at the recently held High Point Market. As the supply of the new material begins to pick up, the Group expects Leath-Aire to make promising contributions to sales in the new year. During the Review Period, the Group's R&D team devoted its efforts to creating new textiles and new sofa structures and successfully developed more than 250 new sofa models within the year.

With the promotion of new products and adjustment in product mix, non-genuine leather sofa sales already account for more than 50% of overseas sofa sales during the Reporting Period. In Mainland China, non-genuine leather sofa sales have surpassed 20% of total sofas sold in terms of quantity during the Review Period. Therefore, it is obvious that non-genuine leather materials have tremendous market potential and can mitigate the negative effects of fluctuating genuine leather prices on gross profit. The new fabric is also beneficial to the Group's development of third and fourth-tier cities markets in Mainland China.

In product research and development, besides revolutionizing the materials and appearance of sofas, substantial innovations and improvements have also been made to sofa structure and key components. Not only does this innovation benefit the Group's cost control efforts, it also ensures the quality of the Group's products. Moreover, the sofas produced and materials used by the Group have passed strict quality assurance tests in numerous countries and regions, which makes the Group's products safe to use for millions of consumers.

FINANCIAL REVIEW

Revenue and gross profit margin

	Revenue *(HK$'000)*			As a percentage of sales (%)		Gross profit margin (%)	
	FY2013	FY2012	Change (%)	**FY2013**	FY2012	**FY2013**	FY2012
Sofa export sales	**3,485,653**	3,083,994	13.0%	**71.5%**	71.1%	**31.3%**	29.5%
Mainland China Sofa sales	**1,098,029**	951,653	15.4%	**22.5%**	22.0%	**47.6%**	44.0%
Mainland China Bedding sales	**209,061**	202,492	3.2%	**4.3%**	4.7%	**53.9%**	49.5%
HK retail & wholesale sales	**84,233**	98,214	-14.2%	**1.7%**	2.2%	**52.0%**	48.8%
Total	**4,876,976**	4,336,353	12.5%	**100.0%**	100.0%	**36.3%**	34.0%

During the FY2013, the total revenue of the Group increased by approximately 12.5% to approximately HK$4,876,976,000 (during the financial year ended 31 March 2012 ("FY2012"): approximately HK$4,336,353,000), whereas the overall gross profit margin displayed an upward trend month-on-month, rising from approximately 34.0% in FY2012 to approximately 36.3% in FY2013. Gross profit margin in the second half of the year during the Review Period reached approximately 36.9%.

During the FY2013, cost of goods sold went up by approximately 8.5%, which was lower than the growth of revenue. Although the price of leather increased slightly during the FY2013, the proportion of genuine leather in total cost continued to decline as the Group made timely adjustments to the product structure. Also, cost of other materials declined slightly, which led to a steady decrease of overall materials cost.

During the Review Period, the Group raised sales prices again according to product sales. In the Mainland China market, the average increase in the wholesale and retail price of sofa products reached 5% on 30 June 2012. In overseas markets, the Group increased the selling price of products gradually since July, especially the selling price of genuine leather sofas with an average increase of over 2% in prices.

Man Wah International Markets

Sales Revenue Breakdown (by region, HK$'000)

	Mainland China	**US**	**Europe**	**Canada**	**HK**	**Others**
FY2013	1,307,090	2,550,195	511,102	200,906	84,233	223,450
FY2012	1,154,145	2,232,350	410,484	226,736	98,214	214,424
Change (%)	13.3%	14.2%	24.5%	-11.4%	-14.2%	4.2%
Percentage of total revenue (%)	26.8%	52.3%	10.5%	4.1%	1.7%	4.6%

Revenue, sales volume and average selling price of CHEERS brand sofa

	FY2013	FY2012	Change (%)
Sales volume *(sets)*	**614,258**	537,275	14.3%
Average Selling Price *(HK$)*	**7,139**	7,196	-0.8%
Sales revenue from sofa products *(HK$'000)*	**4,385,220**	3,866,453	13.4%

Note: In calculating selling prices, a proportion of business customer products and periphery products which were not applicable in the calculation of comparable average selling prices were not included.

During the Review Period, revenue from CHEERS brand sofa products increased by approximately 13.4% to approximately HK$4,385,220,000, accounting for approximately 89.9% of the total revenue of the Group. The increased revenue was mainly due to sales increasing by approximately 14.3% to 614,258 sets (FY2012: 537,275 sets) and the average selling price decreasing by approximately 0.8% to approximately HK$7,139 per set (FY2012: approximately HK$7,196). In Mainland China market, the average selling price decreased by approximately 3.9%, down from approximately HK$13,022 per set to approximately HK$12,518 per set. Average selling price in export markets also went down by approximately 0.7% as the price of each sofa set decreased from approximately HK$6,470 per set to approximately HK$6,425 per set. The major reason for the average selling price decrease was that the Company increased the proportion of non-leather sofa out of total sofa sales to minimize the impact to gross profit margin out of leather price fluctuation.

Sales revenue of CHEERS sofas in Mainland China

During the Review Period, sales revenue of CHEERS sofas and related products from self-operated retail stores in Mainland China grew by approximately 10.4% to approximately HK$515.4 million (corresponding period last year: approximately HK$466.8 million). Growth of same-store sales was approximately -1.9% during the Review Period. While in the second half of the fiscal year, growth of same-store sales was approximately 5.8%, which was a substantial increase from the first half of the year. Sales from distributors was approximately HK$489.3 million (corresponding period last year: approximately HK$424.7 million), representing a growth of approximately 15.2%. During the Review Period, the Group allocated more resources towards the development of third tier and fourth-tier cities outlets. New stores consisted mainly of franchises, and were focused on promoting the non-genuine leather sofa products with high price-performance ratio during the Review Period.

The Group set up retail stores in furniture shopping malls. As at the end of the Review Period, the number of retail stores are as follows:

	31 March 2013	31 March 2012	Change
Self-owned retail stores	**176**	174	1.1%
Distributor-operated retail stores	**443**	331	33.8%
Total	**619**	505	22.6%

Sales revenue of sofa in the Mainland China's stores

	FY2013	FY2012	Change
	HK$'000	*HK$'000*	
Self-owned retail stores	**515,416**	466,827	10.4%
Distributor-operated retail stores	**489,343**	424,661	15.2%
Total	**1,004,759**	891,488	12.7%

Note: The above figures include the sales of periphery sofa products but do not include sales to business customers.

Internet sales business

During the Review Period, internet sales revenue was approximately HK$65.5 million, up by approximately 553.7% from approximately HK$10.0 million of the corresponding period last year. Currently, all internet sales are generated from the Group's CHEERS flagship store on the TMALL website (www.tmall.com). The primary are reclining chairs tailored for internet sales. The Group is currently the sales champion of single-seat sofas on the TMALL website.

Sales to business customers

During the Review Period, the Group realized sales of approximately HK$27.8 million attributable to high-speed train manufacturing customers, representing a decrease of approximately 44.6% from approximately HK$50.2 million from the corresponding period last year. The decrease in sales was mainly attributable to the drastically cut back on the delivery of high-speed trains by those customers during the Review Period. The Group is in the process of developing more seating products better suited to high-speed trains and expects that they can contribute more to the Group's sales growth in the future.

Sales revenue from ENLANDA products in Mainland China

During the Review Period, sales revenue from ENLANDA products in Mainland China was approximately HK$209.1 million, representing an increase of approximately 3.2% from approximately HK$202.5 million in the corresponding period last year. Sales from self-operated retail stores were approximately HK$126.1 million, up by approximately 9.9% from approximately HK$114.7 million in the corresponding period last year. Growth of same-store sales during the Review Period was approximately 7.1%, and same-store-growth in the second half of the current FY was approximately 13.2%. Sales from distributor-operated retail stores were approximately HK$83.0 million, down by approximately 5.4% from approximately HK$87.8 million in the corresponding period last year.

The Group's ENLANDA brand products share similar distribution channels with CHEERS brand products, primarily by setting up retail stores in furniture shopping malls. As at the end of the Review Period, the number of retail stores are as follows:

	31 March 2013	31 March 2012	Change
Self-owned retail stores	**86**	75	14.7%
Distributor-operated retail stores	**189**	162	16.7%
Total	**275**	237	16.0%

Review on export business

During the Review Period, the Group's revenue from export sales was approximately HK$3,485.7 million, up by approximately 13.0% from approximately HK$3,084.0 million in the corresponding period last year.

The U.S. market, being the Group's largest export market, maintained stable growth during the Review Period. Sales was up by approximately 14.2% compared with the corresponding period last year. In the European market, the Group's sales grew by approximately 24.5%.

During the Review Period, the Group added a total of 62 new export customers. For existing customers, the Group has always satisfied their new demands by developing more appealing products. The Group achieved significant breakthrough in product development during the Review Period, especially in the innovation of new textiles and new structures. This has placed us further ahead of our competitors and also gradually enhances our bargaining power with large overseas customers.

Cost of goods sold

Cost of goods sold breakdown

	FY2013 *HK$'000*	FY2012 *HK$'000*	Change (%)
Cost of raw materials	**2,711,316**	2,569,013	5.5%
Labour Costs	**291,538**	229,214	27.2%
Manufacturing overhead	**102,964**	63,198	62.9%
Totals	**3,105,818**	2,861,425	8.5%

Major Raw Material	**Average unit cost compared change (%)**	**% of total cost of sales**
Leather	1.2%	30.5%
Metal	-4.5%	20.1%
PVC	-4.6%	2.2%
Wood	-0.4%	8.5%
Fabric	-3.7%	8.5%
Chemicals	-2.1%	9.4%

During the Review Period, overall cost of major raw materials decreased steadily. During FY2013, the price of leather increased by approximately 1.2%, while leather's proportion in total cost further decreased from approximately 35.8% last year to approximately 30.5%.

Other income

During the FY2013, other income of the Group increased by approximately 36.4% to approximately HK$89,231,000, mainly due to the increase of income on structured deposit and sale of industrial waste (FY2012: approximately HK$65,400,000).

Other gains and losses

During the FY2013, other gains and losses of the Group amounted to approximately HK$33,396,000, mainly attributable to the gain on forward contracts and foreign currency exchange gain (FY2012: approximately HK$4,807,000).

Selling and distribution expenses

Selling and distribution expenses increased by approximately 6.7% from approximately HK$875.5 million in FY2012 to approximately HK$934.6 million in FY2013. However, the proportion of selling and distribution expenses to revenue (in percentage term) decreased from approximately 20.2% in FY2012 to approximately 19.2% in FY2013. The increase in expenses was mainly due to increased sales which led to an increase in relevant distribution expenses, including:

(a) overseas transportation and port fees increased by approximately 8.0% from approximately HK$381.5 million to approximately HK$412.0 million. As the Group's export container transportation prices were lower than the corresponding period from last year, overseas transportation and port fees decreased from accounting for approximately 8.8% of sales revenue to approximately 8.4%;

(b) rent, property management fees and utility increased by approximately 5.0% from approximately HK$170.2 million to approximately HK$178.8 million;

(c) advertising, promotion and brand building expenses decreased by approximately 3.5% from approximately HK$80.3 million to approximately HK$77.5 million;

(d) salaries, allowance of sales staff and commission increased by approximately 14.7% from approximately HK$110.2 million to approximately HK$126.5 million; and

(e) domestic transportation expenses decreased by approximately 9.0% from approximately HK$60.3 million to approximately HK$54.9 million.

General and administrative expenses

Administrative expenses decreased by approximately 1.0% from approximately HK$329.2 million in FY2012 to approximately HK$325.9 million in FY2013. As a percentage of revenue, administrative expenses decreased from approximately 7.6% in FY2012 to approximately 6.7% in FY2013, including:

(a) salaries and allowance of employees decreased by approximately 2.4% from approximately HK$140.3 million to approximately HK$136.9 million;

(b) depreciation and amortization expenses increased by approximately 37.3% from approximately HK$57.9 million to approximately HK$79.5 million; and

(c) research and development expenses increased by approximately 20.7% from approximately HK$6.5 million to approximately HK$7.8 million.

Share of profit of a jointly controlled entity

During the Review Period, Share of profit of a jointly controlled entity of approximately HK$7,374,000 which all come from the profit from Home Expo (Hong Kong) Ltd (profit in FY2012: approximately HK$4,652,000).

Interest expense on bank borrowings wholly repayable within five years

Interest expense on bank borrowings wholly repayable within five years increased from approximately HK$7,693,000 in FY2012 to approximately HK$16,807,000 in FY2013, representing an approximate increase of approximately 118.5%. It was mainly attributable to an increase in the Group's bank loans during the Review Period from approximately HK$582,800,000 at the end of the previous financial year to approximately HK$745,660,000 at the end of FY2013.

Dividend

The Board declared a final dividend of HK 18.0 cents per share, together with an interim dividend of HK 10.0 cents per share, dividend declared was approximately 43.7% of profit attributable to owners of the Company for the FY2013.

Working capital

As at 31 March 2013, our bank balances and cash were approximately HK$1,655,439,000.

We seek to effectively manage our cash flow and capital commitments and to ensure that we have sufficient funds to meet our existing and future cash requirements. We have not experienced and do not expect to experience any difficulties meeting our obligations as they become due.

Liquidity and capital resources

As at 31 March 2013, the Group's short-term bank borrowings amounted to approximately HK$745,660,000, including approximately HK$655,660,000 were repayable within twelve months from 31 March 2013 and HK$90,000,000 were not repayable within twelve months from 31 March 2013 but contain a repayment on demand clause. Most of loans bore interest at variable rates.

The Group's primary source of operating funds are cash flow from operating activities and bank deposits. As at 31 March 2013, the Group's current ratio was 2.2 (31 March 2012: 2.4). The Group maintained a net cash position, reflecting its healthy financial position, paving the way for future development. As at 31 March 2013, the Group's gearing ratio was 21.5% (31 March 2012: 18.3%), which is defined as total borrowings divided by the sum of share capital and reserves of the Group.

Allowance for inventories

For the FY2013, the Group made allowance for inventories of approximately HK$6,176,000 (FY2012: approximately HK$1,511,000).

Impairment loss on trade receivables

For the FY2013, the Group provided impairment loss on trade receivables of approximately HK$546,000 (FY2012: HK$685,000).

Pledge of assets

As at 31 March 2013, the Group did not have any pledged assets.

Capital commitments and contingent liabilities

Save as disclosed in note 9 to the consolidated financial statements, the Group did not have any material capital commitments.

As at 31 March 2013, the Group did not have any contingent liabilities.

Foreign currency risks

The Group's exposure to currency risks is attributable to the trade and other receivables, bank balances, trade and other payables and bank borrowings, which are denominated in currencies other than the functional currency of the entity to which they related. In order to lock-in costs of raw materials purchased in RMB and the payment of various expenses in RMB, the Group entered into a series of forward contracts which sold in USD and bought in RMB with a total amount of USD535,000,000. The completion date of such forward contracts range from April 2013 to October 2014, and the completion amount for each month is similar to the actual required amount of RMB for the completion month.

Significant investments and acquisitions

The Group did not have any significant investments or acquisitions or sales of subsidiaries during the FY2013. The Group continues to seek opportunities to acquire and merge with furniture companies to accelerate the development of the Company.

Use of proceeds from the global offering

We have received gross proceeds from the listing of the Company's shares on The Stock Exchange of Hong Kong Limited ("Stock Exchange") of approximately HK$1,681,773,000. With reference to the supplemental prospectus of the Company dated 29 March 2010, the proceeds will be used for, among other things, (i) establishing 25 furniture outlets in the PRC, (ii) establishing a production and distribution centre in northern China, (iii) construction of new production and distribution facility in Wujiang, Jiangsu, (iv) expansion of "CHEERS" and "ENLANDA" retail stores in the PRC, (v) construction of phase 3 of our Huizhou facility, (vi) promotion and brand building, and (vii) for daily operation.

As at 31 March 2013, we have spent part of the proceeds on the above projects: (i) approximately HK$326,000,000 on construction of phase 3 in Daya Bay, Huizhou, (ii) approximately HK$493,600,000 on construction of new production and distribution facility in Wujiang, Jiangsu, (iii) approximately HK$126,447,000 on expansion of "CHEERS" and "ENLANDA" retail stores, (iv) approximately HK$208,651,000 on the promotion and brand building, (v) approximately HK$105,131,000 on establishing a new production and distribution centre in northern China, and (vi) approximately 34,779,000 on establishing furniture outlets in the PRC.

Human resources

As at 31 March 2013, the Group had 8,575 employees (31 March 2012: 8,627 employees).

The Group provides introductory orientation programs and continuous training to its employees that cover industry knowledge, technology and product knowledge, industry quality standards and work safety standards to enhance the service quality and standard of its staff. The Group will strive to strengthen human resources management to provide strong support for the development of the Group's business through staff recruitment initiatives and the optimisation of the development of its organisation structure and corporate culture to ensure that the Group will be able to maintain sustainable development in the future. During the FY2013, as before, the Group arranged for more than 100 management staff attend a Mini Master of Business Administration course held at Peking University.

During the FY2013, the total staff cost for the Group amounted to approximately HK$554,799,000 (FY2012: approximately HK$460,832,000), of which approximately HK$28,574,000 (2012: HK$23,780,000) was Directors' emoluments.

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

During the FY2013, the Company repurchased a total of 52,117,200 ordinary shares of the Company at an aggregate purchase price of HK$179,334,526 on the Stock Exchange. Details of the repurchases of such ordinary shares were as follows:

Month of repurchase	**Number of ordinary shares repurchased**	**Price per ordinary share Highest** *(HK$)*	**Lowest** *(HK$)*	**Aggregate purchase price** *(HK$)*
June 2012	31,752,800	3.81	3.13	113,701,194
July 2012	11,000,000	3.35	3.13	35,339,366
August 2012	6,974,400	3.29	2.78	21,195,493
September 2012	2,390,000	3.87	3.61	9,098,473
Total	52,117,200			179,334,526
			Total expenses on shares repurchased	372,960
			Total	179,707,486

The 52,117,200 repurchased ordinary shares were cancelled during the FY2013. Apart from the 52,117,200 repurchased ordinary shares within the Review Period, 5,528,000 ordinary shares were repurchased during April 2013 and will be cancelled around June 2013. The issued share capital of the Company was accordingly reduced by the par value of the repurchased ordinary shares so cancelled. The above repurchases were effected by the Directors pursuant to the mandate from shareholders, with a view to benefiting shareholders as a whole in enhancing the net assets and earnings per share of the Company.

Save as disclosed above, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the FY2013.

AUDIT COMMITTEE

The Company's audit committee ("Audit Committee") currently consists of three independent non-executive Directors, namely, Mr. Chau Shing Yim, David, Mr. Lee Teck Leng, Robson, Mr. Ong Chor Wei and a non-executive Director, namely, Mr. Xie Fang. None of them is, or has previously been, a member of the Company's current or previous external auditors within the past financial year. The Chairman of the Audit Committee, Mr. Chau, possesses the professional qualifications and financial management expertise required under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Working closely with the external auditors, the Audit Committee has reviewed the Group's audited consolidated results for the financial year ended 31 March 2013.

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 the shareholders' value and safeguarding interest of the shareholders. Accordingly, the Company has adopted sound corporate governance principles that emphasis an effective internal control and accountability to all shareholders.

The Company has applied the principles of and complied with the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 (the "CG Code") to the Listing Rules during the Review Period, save for the deviation from code provisions A.2.1 and A.6.7 which are explained in the relevant paragraph in this announcement. The Company periodically reviews its corporate governance practices to ensure that these 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". Mr. Wong Man Li, who acts as the Chairman and Managing Director of the Company, is also responsible for overseeing the general operations of the Group. The Board will meet regularly to consider major matters affecting the operations of the Group. The Board considers that this structure will not impair 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 is conducive to strong and consistent leadership enabling the Group to operate efficiently.

Under the code provision A.6.7, independent non-executive Directors and non-executive Directors should attend general meetings of the Company. Mr. Lee Teck Leng, Robson, an independent non-executive Director and Ms. Chan Wah Man, Carman, a former independent non-executive Director could not attend the annual general meeting of the Company held on 19 July 2012 due to other business commitment.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as a code of conduct of the Company for Directors' securities transactions. The Company has made specific enquiry of all directors and the relevant employees regarding any non-compliance with the Model Code during the FY2013, and they all confirmed that they had fully complied with the required standard set out in the Model Code. 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.

CLOSURE OF REGISTER OF MEMBERS

Shareholders whose names appear on the Company's register of members on Monday, 15 July 2013, will be eligible to attend and vote at the annual general meeting ("AGM"). The transfer books and register of members will be closed from Thursday, 11 July 2013 to Monday, 15 July 2013, both days inclusive, during which period no transfer of Shares will be effected. In order to determine the identity of shareholders who are entitled to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 10 July 2013.

Shareholders whose names appear on the Company's register of members on Wednesday, 24 July 2013, will qualify for the proposed final dividend. The Company's transfer books and register of members will be closed from Saturday, 20 July 2013 to Wednesday, 24 July 2013 (both days inclusive) for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to qualify for the proposed final dividend, all transfer forms accompanied by the relevant Share certificates must be lodged with the Company's branch share registrar and transfer office in Computershare Hong Kong Investor Services Limited located at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 19 July 2013. The proposed final dividend (the payment of which is subject to the Shareholders' approval at the AGM) is to be payable on 6 August 2013 to Shareholders whose name appear on the register of members of the Company on Wednesday, 24 July 2013. The Shares will be traded ex-dividend on Wednesday, 17 July 2013.

EVENT AFTER THE REPORTING PERIOD

On 17 April 2013, the Company, CDH W-Tech Limited ("CDH") and ChinaAMC Capital Management Limited ("Huaxia") entered into a subscription agreement, pursuant to which CDH and Huaxia have severally but not jointly and conditionally agreed to subscribe for the Tranche I Bonds (in the principal amount of HK$700,000,000) and Tranche II Bonds (in the principal amount of HK$150,000,000) respectively. Tranche I Bonds was issued on 20 May 2013. Details of issuing the Convertible Bonds and completion of the Tranche I Bonds had been disclosed in the announcement date 17 April 2013 and 20 May 2013 respectively. Tranche II Bonds are expected to be issued on or before 28 June 2013. If Tranche II Bonds is successfully completed, the Company will make further announcement and undertake the necessary compliance with the Listing Rules in due course.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2013 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the FY2013. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

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

Hong Kong, 30 May 2013

As at the date of this announcement, the executive Directors are Mr. Wong Man Li, Ms. Hui Wai Hing, Mr. Stephen Allen Barr, Mr. Wang Guisheng, Mr. Alan Marnie and Mr. Dai Quanfa; the non-executive Director is Mr. Xie Fang, and the independent non-executive Directors are Mr. Chau Shing Yim, David, Mr. Lee Teck Leng, Robson, Mr. Ong Chor Wei and Mr. Kan Chung Nin, Tony.