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 2015

AND

CLOSURE OF REGISTER OF MEMBER

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 2015 ("FY2015", "Current FY", the "Review Period" or the "Reporting Period") together with the comparative figures for the previous financial year ended 31 March 2014 ("FY2014", "Last Corresponding Period" or the "Last FY").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2015

	Notes	**2015**	2014
		HK$'000	*HK$'000*
Revenue	*3*	**6,554,811**	5,991,060
Cost of goods sold		**(4,221,985)**	(3,860,027)
Gross profit		**2,332,826**	2,131,033
Other income		**320,372**	286,369
Other gains and losses		**(7,704)**	69,542
Selling and distribution expenses		**(1,012,242)**	(972,706)
Administrative expenses		**(351,976)**	(338,568)
Share of profit of a joint venture		**1,075**	8,877
Share of (loss) profit of an associate		**(1,020)**	12,314
Finance costs		**(22,594)**	(43,160)
Profit before income tax		**1,258,737**	1,153,701
Income tax expense	*4*	**(174,799)**	(167,373)
Profit for the year	*5*	**1,083,938**	986,328
Other comprehensive (expense) income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		**7,099**	(29,632)
Reclassification of translation reserve upon disposal of subsidiaries		**–**	535
Items that will not be reclassified subsequently to profit or loss:			
Increase in fair value of property, plant and equipment		**2,845**	–
Total comprehensive income for the year		**1,093,882**	957,231
Profit for the year attributable to:			
Owners of the Company		**1,075,159**	976,965
Non-controlling interest		**8,779**	9,363
		1,083,938	986,328
Total comprehensive income for the year attributable to:			
Owners of the Company		**1,085,032**	948,061
Non-controlling interest		**8,850**	9,170
		1,093,882	957,231
Earnings per share	*6*		
Basic (HK cents) (restated)		**55.66**	53.64
Diluted (HK cents) (restated)		**54.55**	51.14

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment		**1,987,681**	1,606,740
Investment properties		**53,500**	17,200
Lease premium for land		**534,323**	542,855
Intangible assets		**626**	852
Interest in a joint venture		**221**	10,365
Interest in an associate		**–**	12,318
Loan to an associate		**–**	56,539
Available-for-sale investment		**3,748**	3,740
Deferred tax assets		**1,731**	2,881
Refundable earnest money paid for lease premium for land		**7,973**	4,216
Deposits paid for acquisition of property, plant and equipment		**102,907**	53,115
		2,692,710	2,310,821
Current assets			
Inventories		**781,231**	701,959
Trade receivables	8	**622,052**	500,897
Other receivables and prepayments		**215,404**	214,930
Lease premium for land		**12,109**	12,028
Derivative financial instruments		**4,067**	23,103
Tax recoverable		**1,372**	996
Structured deposits		**165,059**	–
Restricted bank balances		**2,698**	2,929
Bank balances and cash		**1,599,028**	2,362,450
		3,403,020	3,819,292
Current liabilities			
Trade payables	9	**280,647**	290,472
Other payables and accruals		**371,439**	357,227
Unsecured borrowings		**937,912**	537,870
Derivative financial instruments		**3,006**	3,796
Convertible bonds – current portion		**–**	5,218
Tax payable		**45,327**	45,970
		1,638,331	1,240,553
Net current assets		**1,764,689**	2,578,739
Total assets less current liabilities		**4,457,399**	4,889,560

	2015	2014
	HK$'000	*HK$'000*
Non-current liabilities		
Deferred tax liabilities	**5,068**	4,877
Convertible bonds – non-current portion	**–**	251,412
Government grant receipt in advance	**–**	130,960
	5,068	387,249
	4,452,331	4,502,311
Capital and reserves		
Share capital	**778,426**	380,039
Reserves	**3,617,324**	4,074,541
Equity attributable to owners of the Company	**4,395,750**	4,454,580
Non-controlling interest	**56,581**	47,731
	4,452,331	4,502,311

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

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 and Ms. Hui Wai Hing, directors of the Company.

The Company acts as an investment holding company.

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")

(i) New and revised IFRSs effective in the current year

The Group has applied the following new and revised IFRSs issued by International Accounting Standards Board for the first time in the current year:

Amendments to IFRS 10, IFRS 12, and IAS 27	Investment Entities
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to IAS 36	Recoverable Amount Disclosure for Non-Financial Assets
Amendments to IAS 39	Novation of Derivatives and continuation of Hedge Accounting
IFRIC 21	Levies

The application of these new and revised standards and interpretations in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

(ii) 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:

IFRS 9	Financial Instruments[1]
IFRS 14	Regulatory Deferral Accounts[2]
IFRS 15	Revenue from Contracts with Customers[3]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[5]
Amendments to IAS 1	Disclosure Initiative[5]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[5]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[5]
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions[4]
Amendments to IAS 27	Equity Method in Separate Financial Statements[5]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[5]
Amendments to IFRSs	Annual Improvements to IFRSs 2010 – 2012 Cycle[6]
Amendments to IFRSs	Annual Improvements to IFRSs 2011 – 2013 Cycle[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2012 – 2014 Cycle[5]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for first annual IFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.
3 Effective for annual periods beginning on or after 1 January 2017.
4 Effective for annual periods beginning on or after 1 July 2014.
5 Effective for annual periods beginning on or after 1 January 2016.
6 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

The directors of the Company anticipate that, except as described below, the application of the above new and revised IFRSs will have no material impact on the results and the financial position of the Group.

IFRS 9 *Financial Instruments*

IFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2014 to include the new requirements for hedge accounting.

IFRS 9 requires 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.

The directors anticipate that the adoption of IFRS 9 in the future may have an impact on the amount reported in respect of the Group's available-for-sale investment. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable for goods sold in the normal course of business, net of discounts, sales taxes and returns.

Information reported to the Company's executive directors, being the chief operating decision makers of the Group, in respect of the Group's business focused on the location of customers.

The Group's operating and reportable segments are then as follows:

North America market	–	manufacture and sale of sofas and related products for customers located in the United States of America ("U.S."), Canada and other North America countries
Europe and other overseas markets	–	manufacture and sale of sofas and related products for customers located overseas except for those customers located in the North America market
China market	–	manufacture and distribution of sofas and related products, mattress and bedding products in Mainland China, Hong Kong and Taiwan

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

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the profit before income tax earned by each segment without allocation of interest income, income on structured deposits, rental income, dividend income from an available-for-sale investment, net exchange gain/loss, fair value gain on investment properties, net gain on changes in fair value of derivative financial instruments, finance costs, loss on disposal of subsidiaries, loss on disposal of an associate, central administrative costs and directors' emoluments, share of profit of a joint venture and share of profit (loss) of an associate. This is the measure reported to the executive directors for the purposes of resource allocation and performance assessment.

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

For the year ended 31 March 2015

	North America market *HK$'000*	**Europe and other overseas markets** *HK$'000*	**China market** *HK$'000*	**Total** *HK$'000*
REVENUE				
External sales	**3,562,469**	**925,926**	**2,066,416**	**6,554,811**
RESULTS				
Segment results	**532,950**	**154,501**	**533,101**	**1,220,552**
Interest income				**2,185**
Income on structured deposits				**121,549**
Rental income				**1,420**
Dividend income from an available-for-sale investment				**348**
Exchange gain – net				**599**
Fair value gain on investment properties				**1,295**
Loss on disposal of subsidiaries				**(1,165)**
Loss on disposal of an associate				**(1,335)**
Finance costs				**(22,594)**
Central administrative costs and directors' emoluments				**(64,172)**
Share of profit of a joint venture				**1,075**
Share of loss of an associate				**(1,020)**
Profit before income tax				**1,258,737**

For the year ended 31 March 2014

	North America market *HK$'000*	Europe and other overseas markets *HK$'000*	China market *HK$'000*	Total *HK$'000*
REVENUE				
External sales	3,286,858	946,634	1,757,568	5,991,060
RESULTS				
Segment results	462,548	147,838	460,179	1,070,565
Interest income				2,082
Income on structured deposits				105,771
Rental income				641
Exchange loss – net				(4,203)
Fair value gain on investment properties				800
Gain on changes in fair value of derivative financial instruments – net				83,967
Loss on disposal of subsidiaries				(3,003)
Finance costs				(43,160)
Central administrative costs and directors' emoluments				(80,950)
Share of profit of a joint venture				8,877
Share of profit of an associate				12,314
Profit before income tax				1,153,701

Other information:

	North America market *HK$'000*	Europe and other overseas markets *HK$'000*	China market *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment result:				
For the year ended 31 March 2015				
Loss on disposal of property, plant and equipment	**839**	**333**	**633**	**1,805**
Depreciation and amortisation	**56,639**	**16,418**	**78,016**	**151,073**
Release of lease premium for land	**740**	**451**	**10,668**	**11,859**
Impairment loss on trade and other receivables	**99**	**756**	**4,423**	**5,278**
Impairment loss on property, plant and equipment	**12**	**3**	**–**	**15**
(Reversal of) allowance for inventories	**(1,596)**	**(385)**	**397**	**(1,584)**
For the year ended 31 March 2014				
Loss (gain) on disposal of property, plant and equipment	143	54	(171)	26
Depreciation and amortisation	57,042	17,428	67,984	142,454
Release of lease premium for land	1,796	517	9,107	11,420
Impairment loss on trade receivables	91	–	1,171	1,262
Impairment loss on property, plant and equipment	5,226	1,505	–	6,731
(Reversal of) allowance for inventories	(1,667)	(481)	5,827	3,679

Geographical information:

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

	2015 *HK$'000*	2014 *HK$'000*
U.S.	**3,349,932**	3,036,615
Canada	**211,877**	249,427
PRC (including Hong Kong)	**2,066,416**	1,757,209
Others (including Europe)	**926,586**	947,809
	6,554,811	5,991,060

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

Substantial portion 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 (2014: none).

Revenue from major products:

The Group's revenue on external sales from its major products, sofas, bedding products and others is disclosed as below:

	2015 HK$'000	2014 HK$'000
Sofas	**5,783,118**	5,372,875
Bedding products	**188,156**	222,762
Others	**583,537**	395,423
	6,554,811	5,991,060

4. INCOME TAX EXPENSE

	2015 HK$'000	2014 HK$'000
Current tax:		
PRC Enterprise Income Tax ("PRC EIT")	**183,614**	169,800
U.S.	**1,058**	798
	184,672	170,598
Net overprovision in prior years:		
PRC EIT	**(10,704)**	(1,580)
U.S.	**(323)**	–
	(11,027)	(1,580)
Deferred tax	**1,154**	(1,645)
	174,799	167,373

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year. 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 general 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.

During the year ended 31 March 2014, a PRC subsidiary obtained the qualification of being a high technology enterprise for a consecutive three years from year 2012 to 2014. With such qualification, the subsidiary is approved to enjoy the preferential tax rate of 15% for its profits earned from July 2012 to December 2013, resulting in an overprovision of income tax expense amounted to HK$8,738,000 and HK$4,461,000, credited to the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2015 and 2014, respectively. The preferential tax rate is subject to annual review by the PRC tax authority.

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. PROFIT FOR THE YEAR

	2015 *HK$'000*	2014 *HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Directors' emoluments	**32,074**	38,166
Other staff costs		
Salaries and other allowances, including share option expenses	**723,972**	632,781
Retirement benefit scheme contributions, excluding those of directors	**48,842**	37,825
Share award scheme expenses, excluding those of directors	**–**	366
Total staff costs	**804,888**	709,138
Auditor's remuneration	**2,330**	2,929
Release of lease premium for land	**11,859**	11,420
Amortisation of intangible assets (recognised in selling and distribution expenses)	**228**	231
Depreciation	**150,845**	142,223
Cost of inventories recognised as an expense	**4,204,008**	3,837,028
Research and development expenditure	**19,561**	19,320
(Reversal of) allowance for inventories (recognised in cost of goods sold)	**(1,584)**	3,679
Recognised in other income include:		
Interest income	**(2,185)**	(2,082)
Income on structured deposits *(Note i)*	**(121,549)**	(105,771)
Dividend income from an available-for-sale investment	**(348)**	–
Rental income from investment properties	**(1,420)**	(641)
Government grant recognised in other income *(Note ii)*	**(145,005)**	(128,785)

Notes:

(i) During the year, the Group invested into structured deposits with certain banks in the PRC by using unutilised funds for investment returns. Majority of the structured deposits are with maturities less than 6 months and the principal is generally renewed when matured.

(ii) Among the government grant recognised in other income for the year ended 31 March 2015, HK$82,609,000 (2014: HK$102,040,000) was released from the government grant receipt in advance in prior years, representing the subsidy on sales, marketing and corporate activities incurred by the Group in the year.

The remaining HK$62,396,000 (2014: HK$26,745,000) represented the subsidies on PRC taxes paid (other than PRC EIT), export credit insurance expenses, and research and development cost incurred in the year.

6. EARNINGS PER SHARE

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

Earnings

	2015 *HK$'000*	2014 *HK$'000*
Profit for the year attributable to owners of the Company for the purposes of basic and diluted earnings per share	**1,075,159**	976,965
Effect of dilutive potential ordinary shares – interest on convertible bonds, net of tax	**6,931**	25,033
	1,082,090	1,001,998

Number of shares

	2015	2014
	'000	*'000*
		(restated)
Weighted average number of ordinary shares in issue during the year for the purpose of basic earnings per share	**1,931,690**	1,821,298
Effect of dilutive potential ordinary shares		
– Unvested awarded shares	**–**	434
– Share options	**18,718**	19,410
– Convertible bonds	**33,307**	118,030
Weighted average number of ordinary shares in issue during the year for the purposes of diluted earnings per share	**1,983,715**	1,959,172

During the year, the Company had issued bonus shares on the basis of one bonus share for every one existing share held by the shareholders on 7 January 2015. Accordingly, the weighted average number of shares for the purpose of basic and diluted earnings per share have been adjusted.

In addition, the weighted average number of shares for the years ended 31 March 2015 and 2014 have been arrived at after eliminating the shares of the Company held under the share award scheme.

7. DIVIDENDS

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

	2015	2014
	HK$'000	*HK$'000*
Final dividend for 2014 of HK$0.25 (2014: HK$0.18 for 2013) per share	**237,663**	159,402
Interim dividend for 2015 of HK$0.25 (2014: HK$0.25 for 2014) per share	**245,796**	227,527
Special dividend for 2015 of HK$0.75 (2014: nil) per share	**737,389**	–
	1,220,848	386,929

A final dividend of HK$0.13 per share in respect of the year ended 31 March 2015, amounting to approximately HK$252,572,000 has been proposed by the board of directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

8. TRADE RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade and bills receivables	**622,052**	500,897

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:

	2015	2014
	HK$'000	*HK$'000*
0 – 30 days	**306,524**	344,586
31 – 60 days	**215,956**	105,375
61 – 90 days	**73,807**	33,043
Over 90 days	**25,765**	17,893
	622,052	500,897

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.

9. TRADE PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Trade and bills payables	**280,647**	290,472

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:

	2015	2014
	HK$'000	*HK$'000*
0 – 30 days	**263,902**	261,835
31 – 60 days	**15,936**	20,292
61 – 90 days	**424**	5,883
Over 90 days	**385**	2,462
	280,647	290,472

10. CAPITAL COMMITMENTS

	2015	2014
	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	**44,970**	69,988
– construction of production plant	**146,887**	161,098
	191,857	231,086
Capital expenditure authorised for but not provided for in the consolidated financial statements in respect of		
– acquisition of property, plant and equipment	**–**	119,671
– lease premium for land	**75,925**	15,788
	75,925	135,459

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

During FY2015, the Group continued to strengthen its core competitiveness through active product innovation and service upgrade. It further adjusted its product mix and expanded its market share, achieving satisfactory sales growth in various major markets. At the same time, the Group devoted considerable effort to enhancing operational efficiency and strengthening cost control. As a result, the Group recorded a substantial increase in net profits during the Review Period as compared with the Last Corresponding Period.

Steady improvement in the China market

During the Review Period, as a new normal of China's economy emerged, China's economy underwent structural reforms, with the Chinese government maintaining economic growth at a medium-to-high speed. According to the preliminary audited data released by the National Bureau of Statistics of China, GDP, total retail sales of consumer goods and urban resident per capita disposable income recorded year-on-year growth of 7.4%, 12.0% and 9.0% in 2014, respectively. These economic data indicated a steady development of the economy and a continuous improvement in the resident consumption capacity, which positively affected the overall retail consumption market. In particular, the total retail sales of the furniture category grew by 13.9% year-on-year in 2014. Benefiting from the favorable macroeconomic conditions, the Group continued to expand its business in Mainland China, driving the growth of total turnover.

Meanwhile, the accelerated urbanization of rural areas and favorable housing policies of the government provided an advantageous market condition for the Group. According to the data of the National Bureau of Statistics, China's urbanization rate reached 54.77% in 2014, up by 1.04 percentage points from 2013, indicating that an increasing number of the rural population is moving to the city. It is anticipated that the demand for residential units will become stronger. According to the data of the National Bureau of Statistics, the constructed and completed area of housing units in China rose by 9.2% and 5.9% year-on-year in 2014, respectively. This indicated a strong rigid demand for residential units, which will spur potential demand for furniture products. In addition, since the beginning of this year, major cities in China have eased purchasing restriction policies in succession, including relaxed policies released by the Central Bank of China, CBRC, MOHURD and other departments, such as loosening qualification criteria for first-time homebuyers, restating mortgage interest rate policy of minimum 30% off, introducing new housing fund policies, etc, and providing support for first-time homebuyers and improving homebuyers, all of which contributed to an increase in the purchasing intention of consumers and boosted the vitality of the real estate market. In view of this, the Group expanded its retail network coverage, increased its efforts in brand promotion and introduced two new product series, in order to take full advantage of the growth momentum of the furniture market.

Continued recovery of the North America market

In October 2014, the US Federal Reserve announced the termination of its quantitative easing policies, while the Federal Open Market Committee released a statement on its intent to continue maintaining low interest rates in December 2014, which provided support for the steady improvement of the US economy. According to the report of the US Department of Commerce, the US real GDP grew by 2.2% year-on-year in 2014, which drove the continued recovery of the residential property market and the increase in personal consumption levels. According to the data of the US Department of Commerce, total new houses constructed in the US in 2014 were 1,010,000 units, up by 8.8% from 2013. In addition, the US Federal Reserve's Report on nationwide economic trends pointed out that housing related commodity markets, such as the furniture industry, had development potential given the gradual decrease in unemployment rate and the continued increase in both personal consumption and housing sales in most areas of the US. According to the market report published by Euromonitor in April 2015, the Group was ranked as one of top three reclining sofa players in US with market share rose from 9.9% in 2013 to 10.2% in 2014. In the market survey conducted by Furniture Today (a leading US furniture magazine) published in May 2015, the Group was ranked number 6 out of top ten suppliers of US furniture market in calender year 2014 (ranked number 9 in calender year 2013) and was the fasted growing company in top ten suppliers. The Group will continue to take advantage of the competitive edge of its products and seize development opportunities in the US market.

Europe and other overseas markets

In the Europe market, the economic recovery of the Eurozone remained sluggish due to the weak Euro and the uneven economic indicators of various countries. According to the Eurostat, GDP of the European Union grew by only 1.9% year-on-year in 2014. In the fourth quarter of 2014, GDP of the Eurozone and the European Union grew by 0.3% and 0.4% quarter-on-quarter respectively, showing an overall slower recovery. However, the largest economy in the Eurozone, namely Germany, achieved better results, with its GDP having grown by 0.7% quarter-on-quarter as compared to the growth rate of 0.1% in the third quarter. Therefore, the Group will continue to launch reclining sofas with high cost-performance ratios, and actively expand customer channels and implement brand promotion in order to promote sales performance.

1. Disclaimer from Euromonitor International:

   "This information about Motion Recliners in USA and PRC contains information extracted from the commissioned report from Euromonitor International and reflects estimates of the market's size, rankings and performance from publicly available secondary sources and trade survey analysis of the opinions and perspectives of leading industry players, and is prepared primarily as a market research tool. Research by Euromonitor International should not be considered as the opinion of Euromonitor International as to the value of any security or the advisability of investing, or not investing, in the Man Wah Holdings Ltd.. Accordingly, Euromonitor International Limited does not give any representations as to the accuracy of the information set out in this announcement.

   We believe that the sources of the information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading in any material respect. Information provided by the USA and PRC government or official information in the announcement, or the information prepared by Euromonitor International Limited and set out in this announcement, has not been independently verified by us, the Group, and they do not give any representations as to its accuracy."

BUSINESS REVIEW

During FY2015, the Group continued to promote delicacy management, increasing its core competitiveness through continuous improvement. During the Review Period, the Group continued to maintain a steady growth in revenue as its profit reached a record high.

China market

In the China market, with the continuous expansion of its retail network and the enhancement of its manufacturing and logistics capabilities, the Group continued to strengthen its efforts in brand building during the Review Period, so as to increase brand awareness among consumers. During the Review Period, the Group maintained a rapid and steady growth trend in the China market with improved profitability.

During the Review Period, the net increase in numbers of stores was 259. As at 31 March 2015, the Group had a total of 1,441 (as at 31 March 2014: 1,182) “CHEERS”, “ENLANDA” and “MOREWELL” self-owned and distributors’ retail stores in China including:

The Group owned 113 “CHEERS” and 32 “ENLANDA” self-owned retail stores located in 10 cities in Mainland China, including first and second tier cities such as Shenzhen, Guangzhou and Shanghai, as well as 5 “CHEERS” and “MOREWELL” retail stores in Hong Kong.

Distributors of the Group operated 1,002 “CHEERS” and 289 “ENLANDA” retail stores across over 30 provinces, autonomous regions, municipalities and regions in China.

North America market

In the North America market, the improvement of macroeconomic data and consumer confidence provided a good development opportunity for furniture retailers. The Group has strengthened its cooperative relationship with various large local furniture retailers.

During the Review Period, the Group participated in 8 furniture exhibitions and gained more than 20 new customers in the market and introduced over 100 new sofa models to customers. The Group pioneered various synthetic fabric sofas with better performance and Wireless Chair products with higher cost-performance ratios during the Review Period, which products were was committed to once again well received by customers. During the Review Period, sales in the North America market grew by approximately 8.4% compared with the Last Corresponding Period.

Europe and other overseas markets

In the Europe market, the Eurozone economy continued to face challenges during the Review Period. The Group was committed to product innovation and continuously improved its customer service, enabling it to maintain its competitive advantages. During the Review Period, the Group participated in 3 furniture exhibitions in Europe and other overseas markets and gained more than 50 new customers in these markets. During the Review Period, sales in these markets decreased by approximately 2.2% compared with the Last Corresponding Period, mainly due to sales in the UK decreasing by approximately 19.6%. In Europe and other overseas markets, revenue in countries other than the UK grew by approximately 13.8%.

PRODUCT RESEARCH AND DEVELOPMENT

During the Review Period, the Group continued to prioritize product innovation as its main competitive advantage. The Group has successfully launched the Wireless Chair products and a series of new synthetic fabric sofas for the year. During the Review Period, the Group launched and introduced non-function sofas to more consumers in the China market, where they have been well received and are expected to promote sales growth in the future. The Group introduced more than 170 new sofa models during the Review Period. During the Review Period, the volume sold of non-leather sofas and leather sofas accounted for approximately 67.7% and 32.3% of the total sales volume of sofas in the overseas markets respectively and approximately 39.3% and 60.7% in the China market respectively.

FINANCIAL REVIEW

Revenue and gross profit margin

	Revenue (HK$'000)			As a percentage of sales (%)		Gross profit margin (%)	
	FY2015	FY2014	Change (%)	**FY2015**	FY2014	**FY2015**	FY2014
China Market	**2,066,416**	1,757,568	17.6%	**31.5%**	29.3%	**42.5%**	47.0%
North America Market	**3,562,469**	3,286,858	8.4%	**54.4%**	54.9%	**33.6%**	32.5%
Europe and other overseas markets	**925,926**	946,634	-2.2%	**14.1%**	15.8%	**27.9%**	24.9%
Total	**6,554,811**	5,991,060	9.4%	**100.0%**	100.0%	**35.6%**	35.6%

For the Current FY, total revenue rose by approximately 9.4% to approximately HK$6,554,811,000 (Last FY: approximately HK$5,991,060,000). The overall gross profit margin held flat year-over-year to approximately 35.6%.

During the Review Period, the Group once again raised the selling prices of its sofa products. Since increasing the wholesale and retail price of sofa products by an average of 5% in the China market in May 2014, the Group has from July 2014 onwards gradually increased the selling price of leather sofas in overseas markets by an average of over 2%. The above-mentioned price adjustments effectively offset the impact to the gross profit margin resulting from the increase in leather costs and the increase in the proportion of wholesale out of total revenue in the China market.

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

	FY2015	FY2014	Change (%)
Sales Volume *(sets)*	**857,117**	777,754	10.2%
Average Selling Price *(HK$)*	**6,747**	6,908	-2.3%
Sales revenue from sofa products *(HK$'000)*	**5,783,118**	5,372,875	7.6%

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

In calculating sofa sets, one set equals six seats of sofa.

During the Review Period, revenue from CHEERS brand sofas rose by approximately 7.6% to approximately HK$5,783,118,000, accounting for approximately 88.2% of the Group's total revenue. The growth in revenue was mainly due to volume growth by approximately 10.2% to 857,117 sets (FY2014: 777,754 sets), average selling price fell by approximately 2.3% to approximately HK$6,747 per set (FY2014: approximately HK$6,908 per set). The average selling price in the China market fell by approximately 17.0% and the price for each set of sofa fell from approximately HK$11,765 to approximately HK$9,763. The average selling price of the North America market also fell by approximately 0.2% and the price of each set of sofa fell from approximately HK$6,656 to approximately HK$6,643. Average selling price in Europe and other overseas markets fell by approximately 3.6%, and price of each set of sofa fell from approximately HK$5,011 to approximately HK$4,832. The fall was mainly due to the Company increasing the proportion of non-leather sofa (which has a lower average unit price) out of total sofa sales to penetrate more quickly into the third and fourth tier cities in China market in order to minimize the impact of leather price fluctuation on gross profit margin. In addition, the proportion of wholesale out of total revenue represented a higher percentage versus self-operated retail stores out of total revenue of the Group in the China market, which also resulted in a decrease in average unit price.

North America market

During the Review Period, revenue from the North America market reached approximately HK$3,562,469,000, up by approximately 8.4% compared with approximately HK$3,286,858,000 from the Last Corresponding Period. Of this, revenue from the US reached approximately HK$3,349,932,000, up by approximately 10.3% compared with approximately HK$3,036,615,000 in the Last Corresponding Period, and revenue from Canada reached approximately HK$211,877,000, down by approximately 15.1% compared with approximately HK$249,427,000 from the Last Corresponding Period.

Europe and other overseas markets

During the Review Period, revenue from Europe and other overseas markets was approximately HK$925,926,000, down by approximately 2.2% compared with approximately HK$946,634,000 from the Last Corresponding Period. Of this, revenue from Europe reached approximately HK$601,370,000, down by approximately 9.4% compared with approximately HK$663,573,000 from the Last Corresponding Period. The major reason for the decrease of revenue was that revenue from the UK declined by approximately 19.6% from last fiscal year's approximately HK$452,157,000 to approximately HK$363,392,000 of this fiscal year. On the other hand, revenue from other European countries grew by approximately 12.6%, from approximately HK$211,416,000 to approximately HK$237,978,000. Revenue from other overseas markets reached approximately HK$324,556,000, up by approximately 14.7% compared with approximately HK$283,061,000 from the Last Corresponding Period. In Europe and other overseas markets, by offsetting the negative impact of the decrease in sales on gross profit through optimising products mix, gross profit margin grew from last fiscal year's approximately 24.9% to this fiscal year's approximately 27.9%.

China market

During the Review Period, revenue from the China market reached approximately HK$2,066,416,000, up by approximately 17.6% from approximately HK$1,757,568,000 from the Last Corresponding Period. Of this:

1. Revenue from CHEERS brand self-operated sofa retail stores reached approximately HK$549,715,000, down by approximately 3.7% compared with approximately HK$570,549,000 from the Last Corresponding Period;

   During the Review Period, some self-operated stores were adjusted to stores operated by distributors. The number of self-operated stores was adjusted to 118 as of 31 March 2015 from 128 as of 31 March 2014, down by approximately 7.8%.

   During the Review Period, average annual sales per self-operated store increased by approximately 22.2% from the Last Corresponding Period (average annual sales per store is calculated as sales of all stores divided by average number of stores, and average number of stores is calculated as the average of stores at the beginning of the fiscal year and the end of the fiscal year).

2. Wholesale revenue from CHEERS brand sofa retail stores operated by distributors reached approximately HK$1,103,228,000, up by approximately 36.2% compared with approximately HK$809,995,000 from the Last Corresponding Period;

   During the Review Period, the Group continued to expand its distributor network mainly in the third and fourth-tier cities in Mainland China. Stores operated by distributors rose to 1,002 as of 31 March 2015 from 745 as of 31 March 2014, representing a growth of approximately 34.5%.

   During the Review Period, average annual sales per distributor store under the CHEERS brand decreased by approximately 7.4% from the Last Corresponding Period.

3. Retail revenue from self-operated bedding retail stores under the ENLANDA brand reached approximately HK$70,222,000, down by approximately 29.0% compared with approximately HK$98,862,000 from the Last Corresponding Period;

   During the Review Period, the number of ENLANDA brand self-operated retail stores were adjusted to 32 as of 31 March 2015 from 43 as of 31 March 2014, down by approximately 25.6%. During the Review Period, average annual sales per ENLANDA self-operated retail store increased by approximately 22.2% from the Last Corresponding Period.

4. Wholesale revenue from bedding retail stores operated by distributors under the ENLANDA brand reached approximately HK$135,295,000, up by approximately 13.4% compared with approximately HK$119,276,000 from the Last Corresponding Period;

   During the Review Period, the number of stores operated by distributors went up from 266 as of 31 March 2014 to 289 as of 31 March 2015, up by approximately 8.6%, average annual sales per ENLANDA distributor store decreased by approximately 7.0% from the Last Corresponding Period.

5. During the Review Period, revenue from the internet and television platforms reached approximately HK$79,927,000, down by approximately 18.0% from approximately HK$97,507,000 in the Last Corresponding Period;

   Currently, internet sales are mainly generated from the Group's CHEERS flagship store on the TMALL website (www.tmall.com). These products are primarily CHEERS brand reclining sofas and ENLANDA bedding products made exclusively for internet sales.

6. During the Review Period, revenue from commercial customers reached approximately HK$128,029,000, up by approximately 108.6% from approximately HK$61,379,000 in the Last Corresponding Period.

Cost of goods sold

Cost of goods sold breakdown

	FY2015	FY2014	Change
	HK$'000	*HK$'000*	*(%)*
Cost of raw materials	**3,576,015**	3,317,760	7.8%
Labour costs	**475,883**	406,709	17.0%
Manufacturing overhead	**170,087**	135,558	25.5%
Total	**4,221,985**	3,860,027	9.4%

Major raw materials	Average unit cost year-on-year change (%)	% of total cost of sales (%)
Leather	6.3%	23.4%
Metal	0.3%	16.7%
PVC	-2.9%	1.6%
Wood	0.3%	8.4%
Fabric	1.8%	11.4%
Chemicals	-1.3%	9.1%

During the Review Period, overall cost of major raw materials rose slightly mainly due to the increase in leather price by approximately 6.3%. During the Review Period, the Group successfully maintained its gross profit margin through the increase in product prices and the further enhancement of productivity.

Other income

During FY2015, other income of the Group increased by approximately 11.9% to approximately HK$320,372,000, mainly due to the increase of government grant income and income from structured deposit and sales of industrial waste (FY2014: approximately HK$286,369,000).

	FY2015	FY2014	Change
	HK$'000	*HK$'000*	*(%)*
Income from sale of industrial waste*	**42,680**	41,431	3.0%
Government subsidies**	**145,005**	128,785	12.6%
Income on structured deposits***	**121,549**	105,771	14.9%
Others	**11,138**	10,382	7.3%
Total	**320,372**	286,369	11.9%

Notes:

* Income from sale of industrial waste is revenue from the sale of non-reusable leather, cotton, wood generated in the normal production process of the Company's sofas and bedding. During the Current FY, such income accounted for approximately 0.7% of total income (sale of industrial waste accounted for approximately 0.7% of total income in the Last FY).

** Government subsidies mainly consist of subsidy from the local government to subsidiaries in China.

*** Income from structured deposits originate from the Company using unutilized funds to invest in commercial banking wealth management products of major banks in mainland China. The banks have provided guarantee for principle and gains for all products. The investment period is no longer than six months.

Other gains and losses

During FY2015, other gains and losses of the Group amounted to loss of approximately HK$7,704,000 (Last Corresponding Period: gain of approximately HK$69,542,000). The decrease in other gains and losses was mainly due to the fact that there was no gains or losses from foreign exchange forward contracts during the Review Period as all foreign exchange forward contracts have closed position or been terminated as of 31 March 2014, whereas gains from foreign exchange forward contracts was approximately HK$83,967,000 in the Last Corresponding Period.

Selling and distribution expenses

Selling and distribution expenses increased by approximately 4.1% from approximately HK$972,706,000 in FY2014 to approximately HK$1,012,242,000 in FY2015. Selling and distribution expenses as a percentage of revenue further decreased from approximately 16.2% in FY2014 to approximately 15.4% in FY2015. The decrease was mainly due to the continuous improvement in the Group's operational efficiencies as well as the decline in the number of self-operated retail stores in the China market resulting in the relevant expense deduction, including:

(a) overseas transportation and port fees increased by approximately 3.4% from approximately HK$471,387,000 to approximately HK$487,411,000. Overseas transportation and port fees as a percentage of revenue decreased from approximately 7.9% to approximately 7.4%;

(b) rent, property management fees and utility decreased by approximately 8.8% from approximately HK$149,841,000 to approximately HK$136,604,000. Rent, property management fees and utility as a percentage of revenue decreased from approximately 2.5% to approximately 2.1%;

(c) advertising, promotion and brand building expenses decreased by approximately 7.4% from approximately HK$78,729,000 to approximately HK$72,909,000. Advertising, promotion and brand building expenses as a percentage of revenue decreased from approximately 1.3% to approximately 1.1%;

(d) salaries, welfare and commissions of sales staff increased by approximately 5.2% from approximately HK$141,354,000 to approximately HK$148,706,000. Salaries, welfare and commissions of sales staff as a percentage of revenue decreased from approximately 2.4% to approximately 2.3%; and

(e) domestic transportation expenses decreased by approximately 15.2% from approximately HK$41,331,000 to approximately HK$35,035,000. Domestic transportation expenses as a percentage of revenue decreased from approximately 0.7% to approximately 0.5%. The decrease in expenses was mainly due to the commencement of production of the factories in Wujiang and Tianjin which greatly reduced the transportation distance for sofa products in the middle and northern China market, and the fact that the Company has continually enhanced its logistics efficiency.

Administrative expenses

Administrative expenses increased by approximately 4.0% from approximately HK$338,568,000 in FY2014 to approximately HK$351,976,000 in FY2015. As a percentage of revenue, administrative expenses decreased from approximately 5.7% in FY2014 to approximately 5.4% in FY2015, including:

(a) salaries and welfare of employees increased by approximately 4.6% from approximately HK$146,992,000 to approximately HK$153,710,000. Salaries and welfare of employees as a percentage of revenue decreased from approximately 2.5% to approximately 2.3%; and

(b) depreciation and amortization expenses decreased by approximately 0.7% from approximately HK$83,878,000 to approximately HK$83,295,000. Depreciation and amortization expenses as a percentage of revenue decreased from approximately 1.4% to approximately 1.3%.

Share of results of a joint venture

During the Review Period, share of profit of a joint venture was approximately HK$1,075,000 (FY2014: approximately HK$8,877,000).

Share of results of an associate

During the Review Period, share of loss of an associate was approximately HK$1,020,000 (FY2014: profit of approximately HK$12,314,000).

Finance costs

The finance costs decreased by approximately 47.7% from approximately HK$43,160,000 in FY2014 to approximately HK$22,594,000 in FY2015, of which interest expense of bank loans decreased by approximately 13.6% from approximately HK$18,127,000 in FY2014 to approximately HK$15,663,000 in FY2015.

In addition, during the Review Period, the interest expense of convertible bonds was approximately HK$6,931,000 (FY2014: approximately HK$25,033,000). As of 31 March 2015, all convertible bonds have been fully converted or refunded. There was no outstanding amount for the convertible bonds.

Income tax expense

Income tax expense increased by approximately 4.4% from approximately HK$167,373,000 in FY2014 to approximately HK$174,799,000 in FY2015. The increase in income tax expense was mainly due to the rise in profit before tax. Income tax as a percentage of profit before tax decreased from approximately 14.5% in the Last FY to approximately 13.9% in the Current FY.

Profit attributable to Owners of the Company and net profit margin

The profit attributable to owners of the Company increased by approximately 10.1% from approximately HK$976,965,000 in FY2014 to approximately HK$1,075,159,000 in FY2015. The net profit margin of the Group continued to increase from approximately 16.3% in FY2014 to approximately 16.4% in FY2015. The increase in profit attributable to owners of the Company and net profit margin was mainly due to the continued revenue growth, and the fact that selling and distribution expenses, administrative expenses as a percentage of revenue continuously decreased from approximately 21.9% in FY2014 to approximately 20.8% in FY2015.

Dividends

The Board has proposed a final dividend of HK13 cents per share for the current year. During the current year, the Board has already declared and paid an interim dividend of HK25 cents per share and a special dividend of HK75 cents per share. Dividends declared for FY2015 accounted for approximately 114.9% of the profit attributable to owners of the Company.

Working Capital

As at 31 March 2015, the Group's bank balances and cash were approximately HK$1,599,028,000.

During the Review Period, turnover of the Group's working capital was good and our financial position was healthy and steady. Benefiting from the steady and healthy development of the Company's business, we can effectively manage our cash flow and capital commitments 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 2015, the Group's short-term borrowings amounted to approximately HK$937,912,000, all of which were repayable within twelve months from 31 March 2015. Most of the borrowings bore floating interest rates.

The Group's primary source of working capital are cash flow from operating activities and bank deposits. As at 31 March 2015, the Group's current ratio was approximately 2.1 (31 March 2014: approximately 3.1). The Group maintained a net cash position, reflecting its healthy financial position, paving the way for future development. As at 31 March 2015, the Group's gearing ratio was approximately 21.3% (31 March 2014: approximately 17.8%), which is defined as total borrowings (including the liability portion of convertible bond) divided by total equity attributable to owners of the Group.

Allowance for inventories

For FY2015, the Group reversed allowance for inventories of approximately HK$1,584,000 (FY2014: made allowance for inventories approximately HK$3,679,000), mainly resulted from the utilization of the inventories of which allowance had previously been provided.

Impairment loss on trade and other receivables

For FY2015, the Group provided impairment loss on trade and other receivables of approximately HK$5,278,000 (FY2014: approximately HK$1,262,000).

Pledge of assets

As at 31 March 2015, except for approximately HK$2,698,000 restricted bank balances, the Group did not have any pledged assets.

Capital commitments and contingent liabilities

Save as disclosed in note 10, the Group did not have any material capital commitment.

As at 31 March 2015, the Group did not have any 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 USD, the functional currency. At present, the Group's sales in overseas markets are mainly settled in USD, which efficiently avoided the exchange rate fluctuation risk than settled in other currencies. The Group's sales in Mainland and Hong Kong markets are settled in RMB and HKD respectively. The Group's costs are mainly settled in USD, RMB and HKD. In the future, the Group will put greater effort in increasing the proportion of sales from the Mainland China market out of the Group's total revenue to achieve natural hedging against foreign exchange risk.

Significant investments and acquisitions

The Group did not have any significant investments or acquisitions or sales of subsidiaries or associates during FY2015. The Group continues to seek opportunities to acquire furniture companies to accelerate the development of the Group.

Human Resources

As at 31 March 2015, the Group had 12,121 employees (31 March 2014: 9,035 employees).

The Group firmly believes that staff is the 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.

During FY2015, the total staff cost for the Group amounted to approximately HK$804,888,000 (FY2014: approximately HK$709,138,000), of which approximately HK$32,074,000 (FY2014: approximately HK$38,166,000) was Directors' emoluments. The Group endeavours to keep the remuneration packages of its employees competitive and reward employees on a performance and merit basis with reference to the profitability of the Group and prevailing market conditions. As part of the Group 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.

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

During the Review Period, the Company repurchased a total of 40,000,000 ordinary shares of the Company at an aggregate purchase price of HK$272,065,668 on The Stock Exchange of Hong Kong Limited. 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$)*	Price per ordinary share Lowest *(HK$)*	Aggregate purchase price *(HK$)*
February 2015	10,000,000	6.71	6.30	66,025,256
March 2015	30,000,000	7.67	6.29	206,040,412
Total	40,000,000			272,065,668
			Total expenses on shares repurchased	883,886
			Total	272,949,554

The 36,800,000 ordinary shares out of the 40,000,000 repurchased ordinary shares were cancelled before 31 March 2015. 3,200,000 ordinary shares were cancelled on 9 April 2015. 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 general mandate to repurchase shares granted by the shareholders of the Company to the Board at the annual general meeting of the Company held on 3 July 2014, 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 Review Period and until the date of this announcement.

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 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 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". 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 other non-executive Directors should attend general meetings of the Company. Mr. Ong Chor Wei and Mr. Kan Chung Nin, Tony, independent non-executive Directors, could not attend the annual general meeting of the Company held on 3 July 2014 due to other business commitments. The non-executive Director, Mr. Xie Fang, and the independent non-executive Directors, Mr. Chau Shing Yim, David, Mr. Lee Teck Leng, Robson, Mr. Ong Chor Wei and Mr. Kan Chung Nin, Tony, were unable to attend the special general meeting of the Company held on 29 December 2014 due to conflicts with other engagements.

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 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 Review Period, 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.

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 2015.

CLOSURE OF REGISTER OF MEMBERS

Shareholders whose names appear on the Company's register of members on Tuesday, 7 July 2015, will be eligible to attend and vote at the Company's forthcoming annual general meeting (the "AGM"). The transfer books and register of members will be closed from Thursday, 2 July 2015 to Tuesday, 7 July 2015, 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 Tuesday, 30 June 2015.

Shareholders whose names appear on the Company's register of members on Thursday, 16 July 2015, will qualify for the proposed final dividend. The Company's transfer books and register of members will be closed from Tuesday, 14 July 2015 to Thursday, 16 July 2015 (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, 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 Monday, 13 July 2015. The proposed final dividend (the payment of which is subject to shareholders' approval at the AGM) is to be payable on or before Wednesday, 29 July 2015 to shareholders whose name appear on the register of members of the Company on Thursday, 16 July 2015. The shares will be traded ex-dividend on Friday, 10 July 2015.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2015 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 FY2015. 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, 20 May 2015

As at the date of this announcement, the executive Directors are Mr. Wong Man Li, Ms. Hui Wai Hing, Mr. Wang Guisheng, Mr. Alan Marnie, Mr. Dai Quanfa and Ms. Wong Ying Ying; 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.