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**SAMSON HOLDING LTD.**

**順誠控股有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 00531)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

The board (the “**Board**”) of directors (the “**Directors**” and each a “**Director**”) of Samson Holding Ltd. (the “**Company**”) is pleased to announce the annual results of the Company and its subsidiaries (the “**Group**” or “**Samson**”) for the year ended 31 December 2022 with the comparative figures as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*For the year ended 31 December 2022*

	<i>Notes</i>	<b>2022</b> <i>US\$'000</i>	2021 <i>US\$'000</i>
Revenue	4	<b>598,850</b>	488,109
Cost of sales		<b>(446,382)</b>	(359,539)
Gross profit		<b>152,468</b>	128,570
Other income, gains, losses and expenses	4	<b>9,523</b>	21,097
Distribution costs		<b>(14,529)</b>	(12,038)
Sales and marketing expenses		<b>(67,113)</b>	(60,331)
Administrative expenses		<b>(53,064)</b>	(45,359)
Share of profit of an associate		<b>72</b>	281
Finance costs		<b>(7,308)</b>	(3,448)
Profit before tax	5	<b>20,049</b>	28,772
Income tax expense	6	<b>(4,924)</b>	(1,614)
Profit for the year attributable to ordinary equity owners of the parent		<b>15,125</b>	27,158
Earnings per share attributable to ordinary equity holders of the parent	8		
– Basic (in US cent)		<b>0.50</b>	0.87
– Diluted (in US cent)		<b>0.50</b>	0.87

\* *For identification purposes only*

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Profit for the year attributable to ordinary equity owners of the parent	<u>15,125</u>	<u>27,158</u>
<b>Other comprehensive (loss)/income:</b> <i>Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	<u>(7,728)</u>	<u>1,461</u>
<b>Total comprehensive income for the year attributable to ordinary equity owners of the parent</b>	<u><u>7,397</u></u>	<u><u>28,619</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	<i>Notes</i>	<b>2022</b> <i>US\$'000</i>	2021 <i>US\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>79,513</b>	81,588
Investment properties		<b>14,445</b>	18,172
Right-of-use assets		<b>69,538</b>	78,771
Goodwill		<b>25,793</b>	25,793
Other intangible assets		<b>4,400</b>	4,400
Investment in an associate		<b>1,287</b>	1,215
Deferred tax assets		<b>5,912</b>	4,550
Long-term bank deposits		<b>5,567</b>	–
Total non-current assets		<b>206,455</b>	214,489
<b>CURRENT ASSETS</b>			
Inventories		<b>161,793</b>	139,938
Trade and other receivables	<i>9</i>	<b>104,829</b>	89,507
Held-for-trading investments	<i>10</i>	<b>81,633</b>	88,362
Tax recoverable		<b>2,992</b>	3,230
Cash and cash equivalents		<b>58,674</b>	65,009
Total current assets		<b>409,921</b>	386,046
<b>CURRENT LIABILITIES</b>			
Trade and other payables	<i>11</i>	<b>64,465</b>	81,169
Interest-bearing bank borrowings		<b>161,813</b>	138,911
Lease liabilities		<b>5,612</b>	6,309
Tax payable		<b>15,263</b>	10,951
Total current liabilities		<b>247,153</b>	237,340
<b>NET CURRENT ASSETS</b>		<b>162,768</b>	148,706
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>369,223</b>	363,195

**CONSOLIDATED STATEMENT ON FINANCIAL POSITION (continued)***At 31 December 2022*

	<b>2022</b> <i>US\$'000</i>	2021 <i>US\$'000</i>
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank borrowings	<b>37,899</b>	18,848
Lease liabilities	<b>12,352</b>	18,229
Deferred tax liabilities	<b>3,605</b>	2,494
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Total non-current liabilities	<b>53,856</b>	39,571
	<hr/>	<hr/>
Net assets	<b>315,367</b>	323,624
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<b>EQUITY</b>		
Issued capital	<b>151,291</b>	155,374
Reserves	<b>164,076</b>	168,250
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Total equity	<b>315,367</b>	323,624
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## NOTES:

### 1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for held-for-trading investments which have been measured at fair value. The consolidated financial statements are presented in United States dollars (“US\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

### 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year’s financial statements.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018-2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the “Conceptual Framework”) issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- (d) *Annual Improvements to HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:
- *HKFRS 9 Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

## 3. OPERATING SEGMENT INFORMATION

The Group's revenue arises principally from the manufacturing and sale of furniture.

For the purpose of resource allocation and performance assessment, the Group's executive Directors review the operating results and financial information on a brand by brand basis. They focus on the operating results of each brand. Each brand constitutes an operating segment of the Group. As the brands share similar economic characteristics, have similar products, are produced under similar production processes and have a similar target group of customers, the Group's operating segments are aggregated into a single reportable segment and accordingly no separate segment information is prepared.

Segment profit before tax of US\$69,838,000 (2021: US\$54,887,000) represents the profit before tax earned by the single reportable segment excluding administrative expenses, other income, gains, losses and expenses, non-lease-related finance costs and share of profit of an associate.

### 3. OPERATING SEGMENT INFORMATION (continued)

#### Other segment information

Amounts regularly provided to the executive Directors but not included in the measure of segment profits are as follows:

	<b>Reportable segment total</b>	<b>Unallocated</b>	<b>Total</b>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
<b>2022</b>			
Share of profit of an associate	(72)	–	(72)
Impairment loss recognised in the statement of profit or loss, net	2,427	–	2,427
Depreciation of property, plant and equipment	8,703	468	9,171
Write-down of inventories to net realisable value, net	2,011	–	2,011
Investment in an associate	1,287	–	1,287
Capital expenditure*	<u>8,404</u>	<u>–</u>	<u>8,404</u>
<b>2021</b>			
Share of profit of an associate	(281)	–	(281)
Impairment losses recognised in the statement of profit or loss, net	252	–	252
Depreciation of property, plant and equipment	8,615	871	9,486
Reversal of write-down of inventories to net realisable value, net	(1,839)	–	(1,839)
Investment in an associate	1,215	–	1,215
Capital expenditure*	<u>4,809</u>	<u>–</u>	<u>4,809</u>

\* Capital expenditure consists of additions to property, plant and equipment.

The unallocated depreciation of property, plant and equipment is in connection with corporate headquarters' property, plant and equipment, which is not included in segment information.

### 3. OPERATING SEGMENT INFORMATION (continued)

#### Geographical information

The Group's operations are mainly located in the United States of America (the "U.S."), Vietnam, Bangladesh and the People's Republic of China (the "PRC").

The Group's revenue from external customers by their geographical locations, and the information about its non-current assets by geographical locations, are detailed below:

	Revenue from external customers		Non-current assets ( <i>Note</i> )	
	Year ended 31 December		As at 31 December	
	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
The PRC, including Hong Kong	6,726	11,487	11,323	15,618
The U.S.	577,239	467,834	89,192	97,410
Bangladesh	–	–	2,981	3,554
Vietnam	–	–	90,675	92,327
Others	14,885	8,788	805	1,030
	<u>598,850</u>	<u>488,109</u>	<u>194,976</u>	<u>209,939</u>

*Note:* Non-current assets excluded the deferred tax assets and financial instruments.

#### Information about a major customer

During the years ended 31 December 2022 and 2021, no revenue from any single customer accounted for 10% or more of the total revenue of the Group.

### 4. REVENUE, OTHER INCOME, GAINS, LOSSES AND EXPENSES

An analysis of revenue is as follows:

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
<i>Revenue from contracts with customers</i>		
Sale of furniture	598,544	487,802
<i>Revenue from other sources</i>		
Service fee income	306	307
	<u>598,850</u>	<u>488,109</u>



#### 4. REVENUE, OTHER INCOME, GAINS, LOSSES AND EXPENSES (continued)

##### Revenue from contracts with customers

##### (i) Disaggregated revenue information

Segment – Furniture	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
<b>Types of goods</b>		
Sale of furniture and total revenue from contracts with customers	<u>598,544</u>	<u>487,802</u>
<b>Geographical markets</b>		
The PRC, including Hong Kong	6,420	11,180
The U.S.	577,239	467,834
Others	<u>14,885</u>	<u>8,788</u>
Total revenue from contracts with customers	<u><u>598,544</u></u>	<u><u>487,802</u></u>
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time and total revenue from contracts with customers	<u><u>598,544</u></u>	<u><u>487,802</u></u>

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

Segment – Furniture	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
<b>Revenue from contracts with customers</b>		
External customers and total revenue from contracts with customers	<u><u>598,544</u></u>	<u><u>487,802</u></u>

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of furniture	<u><u>30,562</u></u>	<u><u>21,687</u></u>

#### 4. REVENUE, OTHER INCOME, GAINS, LOSSES AND EXPENSES (continued)

##### Revenue from contracts with customers (continued)

##### (ii) Performance obligations

Information about the Group's performance obligation is summarised below:

##### *Sale of furniture*

The performance obligation is satisfied upon delivery of the furniture and payment is generally due within 30 to 90 days from delivery, except for several customers, where payment in advance is normally required.

An analysis of other income, gains, losses and expenses is as follows:

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
<u>Other income</u>		
Bank interest income	1,234	144
Interest income from held-for-trading investments	628	2,042
Rental income	7,847	4,899
Rental related income	5,747	4,646
	<u>15,456</u>	<u>11,731</u>
<u>Other gains, losses and expenses</u>		
Foreign exchange differences, net	(1,243)	654
(Loss)/gain on disposal of items of property, plant and equipment	(93)	954
Net loss on held-for-trading investments	(6,706)	(2,666)
Reversal of impairment of property, plant and equipment	–	7,040
Others	2,109	3,384
	<u>(5,933)</u>	<u>9,366</u>
	<u><b>9,523</b></u>	<u><b>21,097</b></u>

## 5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Cost of inventories sold	444,371	361,378
Depreciation of investment properties	2,910	829
Depreciation of property, plant and equipment	9,171	9,486
Depreciation of right-of-use assets	7,263	7,491
Reversal of impairment of property, plant and equipment	–	(7,040)
Loss/(gain) on disposal of items of property, plant and equipment	93	(954)
Lease payments not included in the measurement of lease liabilities	771	191
Gain on lease modification	(264)	–
Auditors' remuneration	892	884
Employee benefit expense (excluding Directors' remuneration):		
Wages, salaries and allowances	118,334	109,436
Retirement benefit scheme contributions*	1,126	951
	<u>119,460</u>	<u>110,387</u>
Impairment of trade receivables	2,427	252
Write-down/(reversal of write-down) of inventories to net realisable value, net	<u>2,011</u>	<u>(1,839)</u>

\* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

## 6. INCOME TAX

For the Group's subsidiaries established in the U.S., income tax is calculated at the rate of 21% (2021: 21%).

No provision for Hong Kong profits tax has been made in the current year as the Group did not generate any assessable profits arising in Hong Kong during the current year. Hong Kong profits tax had been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong in the prior year, except for one subsidiary of the Group which was a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 of assessable profits of this subsidiary were taxed at 8.25% and the remaining assessable profits were taxed at 16.5%.

Taiwan income tax is calculated at 20% (2021: 20%) of certain subsidiaries' assessable profits.

In accordance with the relevant tax rules and regulations in Vietnam, the income tax rate applicable to the Group's subsidiaries in Vietnam is 20% (2021: 20%).

## 6. INCOME TAX (continued)

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Current tax:		
The U.S.	725	300
Taiwan	4,354	1,150
Vietnam	–	174
Hong Kong	–	94
Elsewhere	101	102
	<hr/>	<hr/>
	5,180	1,820
Deferred tax	(256)	(206)
	<hr/>	<hr/>
Total tax charge for the year	<b>4,924</b>	<b>1,614</b>
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## 7. DIVIDENDS

Final dividend in respect of the year ended 31 December 2022 of HK\$0.01 per share amounting to approximately HK\$30.3 million (equivalent to approximately US\$3.9 million) has been proposed by the Board of Directors of the Company and is subject to approval by the shareholders of the Company at the forthcoming annual general meeting (the “AGM”).

A final dividend in respect of year ended 31 December 2021 of HK\$0.02 per ordinary share amounting to approximately HK\$60.9 million (approximately US\$7.8 million) was declared by the Board of Directors of the Company and was paid to the shareholders of the Company during the year.

An interim dividend in respect of the six months ended 30 June 2022 of HK\$0.01 (2021: Nil) per ordinary share amounting to approximately HK\$30.4 million (approximately US\$3.9 million) was declared by the Board of Directors of the Company and was paid to the shareholders of the Company during the year.

## 8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculations of the basic and diluted earnings per share are based on:

	<b>2022</b> <i>US\$'000</i>	2021 <i>US\$'000</i>
Profit for the year attributable to ordinary equity holders of the parent for the purpose of basic and diluted earnings per share calculations	<b>15,125</b>	27,158
	<b>2022</b> <i>Number of shares</i>	2021 <i>Number of shares</i>
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculations	<b>3,049,708,157</b>	3,107,473,773

The weighted average number of ordinary shares of 3,049,708,157 (2021: 3,107,473,773) in issue during the year was adjusted to exclude the shares repurchased during the year.

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2022. For the year ended 31 December 2021, the Company's share options had no dilutive effect as the exercise price of the share options was higher than the average market price of the Company's shares and the share options were all expired during the year ended 31 December 2021.

## 9. TRADE AND OTHER RECEIVABLES

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowances, is as follows:

	<b>2022</b> <i>US\$'000</i>	2021 <i>US\$'000</i>
Trade receivables:		
Within 1 month	<b>24,035</b>	34,211
1 to 2 months	<b>15,612</b>	13,258
Over 2 months	<b>29,573</b>	10,178
	<b>69,220</b>	57,647
Other receivables and prepayments	<b>35,609</b>	31,860
	<b>104,829</b>	89,507

## 10. HELD-FOR-TRADING INVESTMENTS

	2022 US\$'000	2021 US\$'000
Debt securities, at fair value:		
Listed in Hong Kong with average yield rate of 3.33% to 3.42% and maturity from October 2023 to January 2028	1,234	2,669
Listed in Singapore with average yield rate of 2.93% to 3.71% and maturity from July 2023 to August 2030	3,251	2,878
Listed in other jurisdictions with average yield rate of 3.04% to 3.18% and maturity from January 2024 to September 2080	2,244	2,133
Investment fund portfolio A, at fair value ( <i>Note</i> )	74,287	79,990
Investment fund portfolio B, at fair value ( <i>Note</i> )	212	218
Investment fund portfolio C, at fair value ( <i>Note</i> )	171	197
Investment fund portfolio D, at fair value ( <i>Note</i> )	234	277
	<b>81,633</b>	<b>88,362</b>

The above investments as at 31 December 2022 and 2021 were classified as financial assets at fair value through profit or loss as they are held for trading.

*Note:* The investment fund portfolios A, B, C and D were mandatorily classified as financial assets at fair value through profit or loss, as their contractual cash flows were not solely payments of principal and interest. Investment fund portfolio A was a wealth management product issued by Union Bancaire Privée in Luxembourg. The Group acquired investment fund portfolio A at an investment cost of US\$80,500,000. During the year ended 31 December 2022, the Group received dividends of US\$385,000 (2021: US\$1,646,000) from investment fund portfolio A and the Group did not acquire or dispose of investment fund portfolio A during the year. As at 31 December 2022, the Group holds 80,500 units (31 December 2021: 80,500 units) of fund portfolio A which accounted for approximately 12.1% (31 December 2021: 13.3%) of the total assets of the Group, and the unrealised loss of investment fund portfolio A amounted to US\$5,703,000 was charged to profit or loss during the year ended 31 December 2022 (2021: unrealised loss of US\$2,242,000). The Group holds the investment portfolio A for capital appreciation and has been closely monitoring the performance from time to time.

## 11. TRADE AND OTHER PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2022 US\$'000	2021 US\$'000
Trade payables:		
Within 1 month	8,559	14,423
1 to 2 months	1,950	3,221
Over 2 months	5,206	4,746
	<b>15,715</b>	<b>22,390</b>
Other payables and accruals	48,750	58,779
	<b>64,465</b>	<b>81,169</b>

## **BUSINESS REVIEW**

Over the past decade, Samson has successfully transformed from an original equipment manufacturer (“OEM”) to a leading furniture wholesaler with strong brand-led business. Through our strategic acquisition of a luxury furnishing brand, Baker Interiors Group, LTD. and its subsidiaries (collectively, “BIG”) in 2017, the Group has further enhanced the diversified brand portfolio covering middle to high-end markets. Our production capacities have been expanded by globalizing the supply chain to cope with geopolitical instabilities and improve cost controls. The Group’s capacity across the Asia region including Vietnam and Bangladesh was enhanced through factory investment and acquisitions over the years, which will further facilitate the overall product delivery efficiency. Based on effective strategies, Samson has recorded a profitable year with impressive financial results.

2022 has been a year of severe inflation in the U.S.. The extra low-interest rate over the years due to monetary policy and bottlenecks in global supply chains have been the key reasons behind this. Consumer price index are on track to have risen by approximately 7% in 2022, the highest in four decades. To curb soaring inflation, the Federal Reserve repeatedly raised benchmark interest rates to restore price stability, which led to a cooled demand in the housing sector. Following the inventory replenishment in early 2022, numerous furniture retailers in the U.S. were impacted by sluggish order growth, resulting in a high inventory level due to the weakening demand in the second half of the year. Nonetheless, the hospitality business witnessed strong demand growth in 2022 due to a strong post-COVID recovery in tourism and business travels.

In 2022, through holistic measurement of the market landscape, the Group employed strategic stock replenishment to meet market demand. By continuously promoting quality strong-return projects, actively exploring conventional and unconventional distribution channels, and flexibly adjusting pricing strategy alongside cost savings, the Group has successfully scored significant revenue growth and furthered our penetration in key targeted markets. Our strong, diversified product portfolio showcased business resilience in the market turbulences of 2022. Taking the opportunities from the robust post-COVID recovery of the travel industry, our hospitality furniture business recorded strong growth in 2022, injecting new momentum into the Group’s future growth.

The Group captured the opportunity for growth through its diverse product offerings. In 2022, Samson has recorded several performance highlights across our branded business. Net sales for the year received a double-digit growth in all brands. The BIG product line is in the process of optimization and redesign to keep up with consumer tastes in the marketplace. As a result, the net profit of BIG greatly improved. Sales of hospitality furniture under the brand of Grand Manor and LacquerCraft Hospitality grew rapidly in 2022, benefiting from the recovery of the overall US tourism market and business travels. Overall, the Company’s diversified business demonstrated resilience in the face of market volatility, evidencing the advantage of our multi-brand strategy.

The Group furthered its market penetration through multi-distribution channels in the past years. For conventional channels, the demand from offline stores and the mass merchants continued to rise as the impacts of COVID-19 eased. The traffic volume at High Point Market recorded a noticeable increase as compared to 2021, driven by the bounce back in demand. Orders from mass merchant channels also grew moderately. In terms of our e-commerce channel, as the pandemic has accelerated the growth of non-conventional sales, Samson has focused on exploring a diversified mix-channel strategy to fuel the online sales growth. Based on our partnership with digital platforms, Samson is confident in expanding online sales more efficiently.

## **BUSINESS REVIEW (continued)**

Inventory and cost control were the Company's top priorities in 2022. Despite soaring freight costs, the Group successfully adjusted procurement and inventory policies and managed production capability during the year to meet market demand while avoiding excess inventory. During 2022, the Group also witnessed its continued effort to enhance manufacturing and delivery efficiency while improving cost controls. Samson kept investing in automation facilities and technologies to improve cost-reduction initiatives. In 2022, our factory in Vietnam constructed an automated warehouse, effectively reducing the need for manpower. Apart from that, Samson has partnered with several shipping service providers to ensure container availability and cost reductions. As a result, the freight costs significantly dropped in the second half of 2022.

In the meantime, in view of the declining trend of new orders in the U.S. and the current production capacity, which are sufficient to meet market demand, the plan of establishing a new factory in Vietnam will be temporarily postponed. Our current production capabilities will function well with the market demand in 2023.

Save as disclosed in this announcement, there have been no important events affecting the Group which have occurred since 31 December 2022.

## **FINANCIAL REVIEW**

Net sales for the year was US\$598.9 million compared to US\$488.1 million in 2021, an increase of US\$110.8 million or 22.7%. Increase in net sales was mainly attributable to the pent-up demand from pandemic and the mitigation of supply chain disruptions.

Gross profit for the year was US\$152.5 million, an increase of US\$23.9 million from US\$128.6 million in 2021. Gross profit margin decreased to 25.5% from 26.3% in 2021. Decreased gross profit margin was mainly attributable to increase in production cost.

Compared with US\$117.7 million in 2021, total operating expenses were recorded at US\$134.7 million in 2022. The increase in operating expenses was mainly attributable to increased variable expenses in distribution, sales and marketing as well as personnel cost increased with the growth of sales.

Compared with a profit of US\$27.2 million in 2021, the Group recorded a profit of US\$15.1 million in 2022. The decrease in profit was mainly due to the Group no longer recorded any reversal of impairment of property, plant and equipment for 2022 (2021: approximately US\$7.0 million) and increase in net loss on held-for-trading investments as a result of the bearish equity market due to significant interest hikes in 2022.



## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

As at 31 December 2022, the Group's cash and cash equivalents decreased by US\$6.3 million to US\$58.7 million from US\$65.0 million as at 31 December 2021. Total interest-bearing bank borrowings increased from US\$157.8 million as at 31 December 2021 to US\$199.7 million as at 31 December 2022. The corresponding gearing ratio (total bank borrowings/shareholders' equity) increased from 48.7% as at 31 December 2021 to 63.3% as at 31 December 2022. The Group's financial position remains solid and possesses sufficient available banking facilities to meet working capital requirements and to expand its business.

Cash and cash equivalents held by the Group are mainly denominated in the U.S. Dollars ("US\$"), Renminbi, British Pound Sterling, Vietnamese Dong, New Taiwan Dollars, Indonesian Rupiah and Hong Kong Dollars. As at 31 December 2022, short term bank borrowings of US\$161.8 million (31 December 2021: US\$138.9 million) bore interest at either the floating rates or fixed rate ranging from 2.3% to 6.8% respectively and long term bank borrowings of US\$37.9 million (31 December 2021: US\$18.9 million) bore interest at either the floating rates or fixed rate ranging from 1.0% to 5.8% respectively.

Sources of liquidity include cash and cash equivalents, cash from operations and general banking facilities granted to the Samson, allowing the Group to maintain strong and prudent liquidity for day-to-day operations and business development.

With an international operation, Samson is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Vietnamese Dong. Although the majority of the total revenue is denominated in the U.S. Dollars, a substantial portion of cost of sales is paid in Vietnamese Dong. The exchange rates of Vietnamese Dong to the U.S. Dollars have fluctuated substantially in recent years and may continue to fluctuate in the foreseeable future.

The Group's current assets increased by 6.2% to US\$409.9 million from US\$386.0 million as at 31 December 2021 and the Group's current liabilities increased by 4.2% to US\$247.2 million from US\$237.3 million as at 31 December 2021. The current ratio (current assets/current liabilities) is 1.7 times (31 December 2021: 1.6 times).

### **PLEDGE OF ASSETS**

As at 31 December 2022, certain of the Group's property, plant and equipment, investment properties, inventories and trade and other receivables with an aggregate carrying amount of US\$84.7 million (31 December 2021: US\$67.2 million) have been pledged to a bank to secure the general banking facility granted to the Group.

## **CAPITAL EXPENDITURE**

Capital expenditures for the year ended 31 December 2022 amounted to US\$8.4 million compared to US\$4.8 million in 2021. Capital expenditure was mainly incurred for the purpose of upgrading and renovation of plant, machinery and building in the U.S. and Vietnam.

## **CONTINGENT LIABILITY**

In 2022, the Group initiated a product recall in the U.S. relating to a product of the Group, of which the accumulated quantity sold was approximately 5,100 units. According to the recall arrangement, consumers who purchased that product can return for a full refund, and the maximum amount of refunds estimated by the Group's management is approximately US\$3.6 million. The Group's management assessed that the estimated total refund amount is not significant based on the number of the products returned as of the date of this announcement.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

There were no material acquisitions and disposals of subsidiaries, associates and joint ventures by the Group for the year ended 31 December 2022.

## **OUTLOOK**

With signs indicating slowing economic activities due to tightened monetary policies, the risk of recession is estimated to continue affecting the demand front in the first half of 2023. In the meantime, we have witnessed a robust recovery in the tourism industry, bringing promising growth potential to Samson's hospitality furniture orders.

In this year of challenges and opportunities, Samson will continue leveraging on its existing strategies and drive long-term growth. We will invest in a strategic, targeted manner to continuously improve the quality of our products while driving efficiency, focus on the demand of the mid-to-high-end market, increase market penetration, and enhance the customer base. Particularly, we will closely monitor the market demand to adjust our capacity and inventory level. With the high-level backlogs gradually down to a healthy level, the Group's focus for 2023 will shift from manufacturing to enhancing our customer base through multi-distribution channels.

2023 will be another challenging year. However, with a global manufacturing base and an experienced management team, Samson will keep exploring innovative channels to meet consumer needs and expand core competitiveness through our diversified brand portfolio. We are well-positioned to maintain the competitive edge, continue to increase our market share in 2023.

## DIVIDEND

The Board has recommended the payment of a final dividend of HK\$0.01 per share for the year ended 31 December 2022 (2021: HK\$0.02 per share), amounting to approximately HK\$30.3 million (2021: HK\$60.9 million), subject to the approval of the shareholders of the Company at the forthcoming AGM. Upon approval of the shareholders of the Company, the proposed final dividend will be paid on 20 June 2023 to the shareholders of the Company whose names appear on the Company's register of members as at 7 June 2023.

## CLOSURE OF REGISTER OF MEMBERS

For determining the qualification as members of the Company to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 15 May 2023 to Thursday, 18 May 2023, both days inclusive, during which period no transfers of shares will be registered. In order to qualify as members to attend and vote at the AGM, investors are required to lodge all transfer documents accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 12 May 2023.

For determining the entitlement to the proposed final dividend (subject to the approval of the Company's shareholders at the AGM), the register of members of the Company will be closed from Monday, 5 June 2023 to Wednesday, 7 June 2023, both days inclusive, during which period no transfers of shares will be registered. In order to be eligible for the entitlement to the proposed final dividend, investors are required to lodge all transfer documents accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 2 June 2023.

## CORPORATE GOVERNANCE

The Board is committed to maintaining high standard of corporate governance. The Company confirms that it has complied with all code provisions of the Corporate Governance Code (the "**CG Code**") contained in Part 2 of Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") during the year ended 31 December 2022, save as mentioned below.

Pursuant to the code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Shan Huei KUO ("**Mr. KUO**") is the chairman of the Board and also the chief executive officer of Lacquer Craft Mfg. Co., Ltd. (Zhejiang), a subsidiary of the Company. The Group does not intend to separate these two functions as both the Board and senior management of the Group have significantly benefited from the leadership, support and experience of Mr. KUO in his management of the Board and the business of the Company.

## CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted its own “Code for Securities Transactions by Directors and Employees” (the “**Company’s Code**”) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules to govern the securities transactions of the directors and relevant employees.

Having made specific enquiry, all the Directors have confirmed that they have complied with the Model Code and the Company’s Code throughout the year ended 31 December 2022.

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

During the year, 81,659,000 ordinary shares of the Company (“**Shares**”) were repurchased by the Company (“**Repurchased Shares**”) on the Exchange for a total consideration of US\$4,005,000 (equivalent to HK\$31,325,000) of which 39,100,000 Shares, 29,857,000 Shares and 12,702,000 Shares were subsequently cancelled on 4 April 2022, 30 June 2022 and 15 December 2022, respectively.

Month of repurchase	Number of Shares	Price per share		Aggregate consideration paid HK\$'000
		Highest HK\$	Lowest HK\$	
January 2022	25,776,000	0.335	0.270	8,232
February 2022	13,324,000	0.415	0.350	5,105
April 2022	10,094,000	0.460	0.360	4,338
May 2022	14,593,000	0.485	0.440	6,879
June 2022	5,170,000	0.480	0.435	2,396
September 2022	1,202,000	0.380	0.380	457
October 2022	8,000,000	0.350	0.310	2,718
November 2022	3,500,000	0.350	0.325	1,200
	<u>81,659,000</u>			<u>31,325</u>

The Repurchased Shares were cancelled through the cancellation of relevant share certificates. The nominal value of the cancelled Repurchased Shares during the year was approximately US\$4,083,000.

Other than as disclosed above, there were no purchase, sale or redemption of the Company’s listed securities by the Company nor any of its subsidiaries during the year.

## **AUDIT COMMITTEE REVIEW**

The financial results for the year ended 31 December 2022 have been reviewed by the Audit Committee of the Board.

## **SCOPE OF WORK OF ERNST & YOUNG**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Company's auditor, Ernst & Young ("EY"), to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by EY in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by EY on the preliminary announcement.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This announcement is posted on the respective websites of the Company ([www.samsonholding.com](http://www.samsonholding.com)) and Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)). The annual report will be despatched to the shareholders and posted on the aforementioned websites in due course.

For and on behalf of the Board  
**SAMSON HOLDING LTD.**  
**Shan Huei KUO**  
*Chairman*

22 March 2023

*As at the date of this announcement, Mr. Shan Huei KUO (Chairman), Ms. Yi-Mei LIU and Mr. Mohamad AMINOZZAKERI are the executive directors of the Company; Mr. Sheng Hsiung PAN is the non-executive director of the Company; and Mr. Ming-Jian KUO, Mr. Siu Ki LAU and Mr. Sui-Yu WU are the independent non-executive directors of the Company.*