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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 2023**

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 2023 with the comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

	<i>Notes</i>	2023 <i>US\$’000</i>	2022 <i>US\$’000</i>
Revenue	4	414,539	598,850
Cost of sales		(307,319)	(446,382)
Gross profit		107,220	152,468
Other income, gains, losses and expenses	4	24,067	9,523
Distribution costs		(12,623)	(14,529)
Sales and marketing expenses		(57,064)	(67,113)
Administrative expenses		(46,662)	(53,064)
Share of (loss)/profit of an associate		(215)	72
Finance costs		(10,556)	(7,308)
Profit before tax	5	4,167	20,049
Income tax expense	6	(879)	(4,924)
Profit for the year		3,288	15,125
Earnings per share attributable to ordinary equity holders of the parent	8		
– Basic (in US cent)		0.11	0.50
– Diluted (in US cent)		0.11	0.50

* *For identification purposes only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Profit for the year	<u>3,288</u>	<u>15,125</u>
Other comprehensive loss:		
<i>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	<u>(183)</u>	<u>(7,728)</u>
Total comprehensive income for the year	<u><u>3,105</u></u>	<u><u>7,397</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	<i>Notes</i>	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		76,243	79,513
Investment properties		12,556	14,445
Right-of-use assets		63,454	69,538
Goodwill		25,793	25,793
Other intangible assets		4,400	4,400
Investment in an associate		1,072	1,287
Deferred tax assets		13,244	5,912
Deposits	<i>9</i>	235	–
Long-term bank deposits		–	5,567
		<hr/>	<hr/>
Total non-current assets		196,997	206,455
CURRENT ASSETS			
Inventories		115,202	161,793
Trade and other receivables	<i>9</i>	80,279	104,829
Held-for-trading investments	<i>10</i>	83,559	81,633
Tax recoverable		705	2,992
Cash and cash equivalents		55,209	58,674
		<hr/>	<hr/>
Total current assets		334,954	409,921
CURRENT LIABILITIES			
Trade and other payables	<i>11</i>	49,257	64,465
Interest-bearing bank borrowings		124,866	161,813
Lease liabilities		4,478	5,612
Tax payable		19,268	15,263
		<hr/>	<hr/>
Total current liabilities		197,869	247,153
NET CURRENT ASSETS			
		<hr/>	<hr/>
		137,085	162,768
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<hr/>	<hr/>
		334,082	369,223

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)*At 31 December 2023*

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	2,297	37,899
Lease liabilities	9,597	12,352
Deferred tax liabilities	7,589	3,605
	<hr/>	<hr/>
Total non-current liabilities	19,483	53,856
	<hr/>	<hr/>
Net assets	314,599	315,367
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Issued capital	151,291	151,291
Reserves	163,308	164,076
	<hr/>	<hr/>
Total equity	314,599	315,367
	<hr/> <hr/>	<hr/> <hr/>

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”) 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 new and revised HKFRSs for the first time for the current year’s financial statements.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

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

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group’s financial statements.
- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group’s approach and policy align with the amendments, the amendments had no impact on the Group’s financial statements.
- (c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments did not have any significant impact on the financial position or performance of the Group upon initial application.
- (d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities’ exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to 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\$36,810,000 (2022: US\$69,838,000) 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 (loss)/profit of an associate.

Other segment information

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

	Reportable segment total	Unallocated	Total
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
2023			
Share of loss of an associate	215	–	215
Impairment loss recognised in the statement of profit or loss, net	391	–	391
Depreciation of property, plant and equipment	8,792	412	9,204
Write-down of inventories to net realisable value, net	1,247	–	1,247
Investment in an associate	1,072	–	1,072
Capital expenditure*	<u>8,313</u>	<u>–</u>	<u>8,313</u>
2022			
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>

* 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.

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").

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information (continued)

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	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
The PRC, including Hong Kong	4,330	6,726	8,591	11,323
The U.S.	397,715	577,239	81,360	89,192
Bangladesh	–	–	2,811	2,981
Vietnam	–	–	90,036	90,675
Others	12,494	14,885	720	805
	<u>414,539</u>	<u>598,850</u>	<u>183,518</u>	<u>194,976</u>

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

Information about a major customer

During the years ended 31 December 2023 and 2022, 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:

	2023	2022
	US\$'000	US\$'000
<i>Revenue from contracts with customers</i>		
Sale of furniture	414,306	598,544
<i>Revenue from other sources</i>		
Service fee income	233	306
	<u>414,539</u>	<u>598,850</u>

Revenue from contracts with customers

(i) Disaggregated revenue information

Segment – Furniture	2023	2022
	US\$'000	US\$'000
Types of goods		
Sale of furniture	414,306	598,544
Geographical markets		
The PRC, including Hong Kong	4,097	6,420
The U.S.	397,715	577,239
Others	12,494	14,885
Total	<u>414,306</u>	<u>598,544</u>
Timing of revenue recognition		
Goods transferred at a point in time	<u>414,306</u>	<u>598,544</u>

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

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

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

Segment – Furniture	2023 US\$'000	2022 US\$'000
Revenue from contracts with customers		
External customers	414,306	598,544

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:

	2023 US\$'000	2022 US\$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of furniture	20,706	30,562

(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:

	2023 US\$'000	2022 US\$'000
<u>Other income</u>		
Bank interest income	1,219	1,234
Interest income from held-for-trading investments	4,114	628
Rental income	7,713	7,847
Rental related income	5,544	5,747
	18,590	15,456
<u>Other gains, losses and expenses</u>		
Foreign exchange differences, net	(843)	(1,243)
Gain/(loss) on disposal of items of property, plant and equipment, net	2,697	(93)
Net gain/(loss) on held-for-trading investments	1,716	(6,706)
Others	1,907	2,109
	5,477	(5,933)
	24,067	9,523

5. PROFIT BEFORE TAX

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

	2023	2022
	US\$'000	US\$'000
Cost of inventories sold	306,072	444,371
Depreciation of investment properties	2,786	2,910
Depreciation of property, plant and equipment	9,204	9,171
Depreciation of right-of-use assets	6,192	7,263
(Gain)/loss on disposal of items of property, plant and equipment, net	(2,697)	93
Lease payments not included in the measurement of lease liabilities	2,384	771
Gain on lease modification	–	(264)
Auditors' remuneration	894	892
Employee benefit expense (excluding Directors' remuneration):		
Wages, salaries and allowances	99,370	118,334
Retirement benefit scheme contributions*	1,235	1,126
	100,605	119,460
Impairment of trade receivables, net	391	2,427
Write-down of inventories to net realisable value, net	1,247	2,011

* 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% (2022: 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 (2022: Nil).

Taiwan income tax is calculated at 20% (2022: 20%) of certain subsidiaries' assessable profits.

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

	2023	2022
	US\$'000	US\$'000
Current tax:		
The U.S.	200	725
Taiwan	3,973	4,354
Elsewhere	54	101
	4,227	5,180
Deferred tax	(3,348)	(256)
Total tax charge for the year	879	4,924

7. DIVIDENDS

No final dividend has been declared during the year ended 31 December 2023.

A final dividend in respect of year ended 31 December 2022 of HK\$0.01 per ordinary share amounting to approximately HK\$30.3 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 ended 31 December 2023.

No interim dividend for the six months ended 30 June 2023 was declared. An interim dividend in respect of the six months ended 30 June 2022 of HK\$0.01 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 ended 31 December 2022.

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:

	2023 <i>US\$'000</i>	2022 <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	<u>3,288</u>	<u>15,125</u>
	2023 <i>Number of shares</i>	2022 <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	<u>3,025,814,773</u>	<u>3,049,708,157</u>

The weighted average number of ordinary shares of 3,049,708,157 in issue during the year ended 31 December 2022 was adjusted to exclude the shares repurchased during the prior year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2023 and 2022.

9. DEPOSITS, 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:

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Trade receivables:		
Within 1 month	24,491	24,035
1 to 2 months	7,881	15,612
Over 2 months	<u>14,116</u>	<u>29,573</u>
	46,488	69,220
Deposits, other receivables and prepayments	<u>34,026</u>	<u>35,609</u>
	80,514	104,829
Portion classified as current assets	<u>(80,279)</u>	<u>(104,829)</u>
Non-current portion	<u>235</u>	<u>–</u>

10. HELD-FOR-TRADING INVESTMENTS

	2023 US\$'000	2022 US\$'000
Debt securities, at fair value:		
Listed in Hong Kong with average yield rate of 3.41% to 3.42% and maturity from March 2025 to January 2028	1,081	1,234
Listed in Singapore with average yield rate of 3.52% to 3.71% and maturity from July 2023 to August 2030	2,893	3,251
Listed in other jurisdictions with average yield rate of 3.04% to 3.83% and maturity from January 2024 to September 2080	3,181	2,244
Investment fund portfolio A, at fair value (<i>Note</i>)	75,777	74,287
Investment fund portfolio B, at fair value (<i>Note</i>)	214	212
Investment fund portfolio C, at fair value (<i>Note</i>)	176	171
Investment fund portfolio D, at fair value (<i>Note</i>)	237	234
	<u>83,559</u>	<u>81,633</u>

The above investments as at 31 December 2023 and 2022 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 2023, the Group received dividend of US\$3,834,000 (2022: US\$385,000) 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 2023, the Group holds 80,500 units (31 December 2022: 80,500 units) of fund portfolio A which accounted for approximately 14.2% (31 December 2022: 12.1%) of the total assets of the Group, and the unrealised profit of investment fund portfolio A amounted to US\$1,490,000 was charged to profit or loss during the year ended 31 December 2023 (2022: unrealised loss of US\$5,703,000). 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:

	2023 US\$'000	2022 US\$'000
Trade payables:		
Within 1 month	10,075	8,559
1 to 2 months	2,271	1,950
Over 2 months	5,169	5,206
	<u>17,515</u>	<u>15,715</u>
Other payables and accruals	31,742	48,750
	<u>49,257</u>	<u>64,465</u>

BUSINESS REVIEW

In 2023, the U.S. housing market remained constrained by elevated interest rates, adversely affecting the home furnishing sector. The year 2024 is anticipated to bring a moderate recovery as interest rates begin to stabilize. Samson, with a commitment to fostering a sustainable business model and generating enduring value for both customers and shareholders, has actively engaged in addressing the broad challenges to demand posed by the economic landscape.

Throughout 2023, despite facing headwinds from inflation, tight monetary policies, supply chain issues, and increased freight rates, the Group reported steady performance, with net sales reaching US\$414.5 million and a gross profit of US\$107.2 million. The Group's diversified brand portfolio has proved resilient amid the market's challenges, receiving solid responses for their innovation and design. Despite facing the reduced market demand of sizable home furniture and the decline in casegoods and upholstery sectors, the travel industry's recovery has breathed new life into the hospitality sector. The Group's effective inventory management and cost-reduction initiatives have positioned the Group to capitalize on this revival, maintaining our competitive edge and navigating the dynamic market conditions effectively. The Group is dedicated to continuous product innovation, expanding market reach, and ensuring sustainable, organic growth, underpinned by the strategic adjustments made in 2023.

In the face of challenges in the U.S. furniture industry, Samson has prioritized strategic cost management and operational efficiency. The "reset" year of 2023 marked a significant phase for the Group, as we adjusted our inventory levels, greatly improving our cash flow and laying the groundwork for substantial growth. During this period of strategic realignment, the Group successfully reduced its inventory from US\$161.8 million at the end of December 2022 to US\$115.2 million by the end of 2023, all while preserving its profit margin a slightly increased. In terms of the supply chain, it has largely normalized concerning ocean freight costs, lead times, and materials, although labor rates remain high, such increase has been offset by efficiency improvements. Our proactive partnerships with key carriers such as Evergreen, Yang Ming, Wan Hai, and Cosco have ensured optimal shipping schedules and costs, underscoring our commitment to efficient supply chain management.

In 2024, the Group's dedication to operational efficiency and cost management, driven by our multi-brand, multi-channel strategy, remains a top priority. We are wholeheartedly committed to driving continuous product innovation, exploring new customer segments, expanding our market reach, and ensuring sustainable, organic growth. This approach is shaped by a prudent outlook and strategic adjustments made in 2023, including inventory optimization and seizing growth opportunities in the hospitality sector and beyond. Building on this foundation, the Designer Channel has shown steady growth throughout 2023, illustrating the effectiveness of our strategies across diverse sectors. Additionally, e-commerce business keep steady growth. With a focus on enhancing all channels in 2024, we've ensured that each company has a competent team in place to drive their respective business forward. These concerted efforts position the Group for further success in the dynamic market landscape.

FINANCIAL REVIEW

Net sales for the year was US\$414.5 million compared to US\$598.9 million in 2022, a decrease of US\$184.4 million or 30.8%. Decrease in net sales was mainly attributable to decrease in demand of sizable home furniture in the U.S. due to continuous decline in housing market in 2023.

Gross profit for the year was US\$107.2 million, a decrease of US\$45.3 million from US\$152.5 million in 2022. Gross profit margin slightly increased to 25.9% from 25.5% in 2022.

Compared with US\$134.7 million in 2022, total operating expenses were recorded at US\$116.3 million in 2023. The decrease in operating expenses was mainly attributable to decreased variable expenses in sales and marketing and administrative as well as personnel cost and cost control measures with the decrease in sales.

Compared with a profit of US\$15.1 million in 2022, the Group recorded a profit of US\$3.3 million in 2023. The decrease in profit was mainly in line with the decrease of sales.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2023, the Group's cash and cash equivalents decreased by US\$3.5 million to US\$55.2 million from US\$58.7 million as at 31 December 2022. Total interest-bearing bank borrowings decreased from US\$199.7 million as at 31 December 2022 to US\$127.2 million as at 31 December 2023. The corresponding gearing ratio (total bank borrowings/shareholders' equity) decreased from 63.3% as at 31 December 2022 to 40.4% as at 31 December 2023. 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 2023, short term bank borrowings of US\$124.9 million (31 December 2022: US\$161.8 million) bore interest at either the floating rates or fixed rate ranging from 2.4% to 6.9% respectively and long term bank borrowing of US\$2.3 million (31 December 2022: US\$37.9 million) bore interest at the fixed rate 1.0%.

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 decreased by 18.3% to US\$335.0 million from US\$409.9 million as at 31 December 2022 and the Group's current liabilities decreased by 19.9% to US\$197.9 million from US\$247.2 million as at 31 December 2022. The current ratio (current assets/current liabilities) is 1.7 times (31 December 2022: 1.7 times).

PLEDGE OF ASSETS

As at 31 December 2023, certain of the Group's property, plant and equipment and investment properties with an aggregate carrying amount of US\$18.2 million (31 December 2022: certain of the Group's property, plant and equipment, investment properties, inventories and trade and other receivables with aggregate amount of US\$84.7 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 2023 amounted to US\$8.3 million compared to US\$8.4 million in 2022. Capital expenditure was mainly incurred for the purpose of upgrading and renovation of plant and machinery in Vietnam.

CONTINGENT LIABILITY

As at 31 December 2023, the Group has contingent liability arising from the recall arrangement (the “**Recall Arrangement**”) in relation to a product recall in the U.S. in 2022, 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 the consolidated financial statements.

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 2023.

OUTLOOK

As we advance into 2024, Samson is well-prepared to harness the positive shifts in global supply chain dynamics and the significant recovery momentum within the U.S. hospitality sector, poised for a robust comeback. Our strategic foresight in 2023, including adjustments to inventory levels and strengthening partnerships with major carriers positions us well for the anticipated high single-digit growth in 2024. This growth is underpinned by our expectation that market interest rates will gradually decelerate from current high levels, alongside continued robust performance in the premium segments of casegoods and upholstery as well as the hospitality and mass merchants business, reflecting our adaptability and strategic planning.

Our focus for the year ahead centers on expanding our market presence across all sales channels and reinforcing our commitment to innovation, customer engagement, and operational excellence. By leveraging our diversified brand portfolio, streamlining operations, and continuing our pursuit of excellence, we are poised for sustained, organic growth. Our agile response to market demands, coupled with a relentless focus on delivering value and service excellence to our customers, will drive Samson’s success in 2024 and beyond, affirming our leadership position in the industry.

DIVIDEND

The Board of Directors of the Company does not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: a final dividend of HK\$0.01 per share, amounting to approximately HK\$30.3 million were declared and paid.).

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, 20 May 2024 to Thursday, 23 May 2024, 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, 17 May 2024.

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 2023, 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 2023.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE REVIEW

The financial results for the year ended 31 December 2023 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 2023 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) and Hong Kong Exchanges and Clearing Limited (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

20 March 2024

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.