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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)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

The board (the “**Board**”) of directors (the “**Directors**” and each a “**Director**”) of Samson Holding Ltd. (the “**Company**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (the “**Group**” or “**Samson**”) for the six months ended 30 June 2022 (the “**Period**”) with the comparative figures for the corresponding period in 2021 as follows:

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*For the six months ended 30 June 2022*

		<b>For the six months ended 30 June</b>	
	<i>Notes</i>	<b>2022</b>	<b>2021</b>
		<b>US\$'000</b>	<b>US\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	4	<b>278,995</b>	237,342
Cost of sales		<b>(198,997)</b>	<b>(171,326)</b>
Gross profit		<b>79,998</b>	66,016
Other income, gains, losses and expenses		<b>3,222</b>	8,904
Distribution costs		<b>(6,753)</b>	(5,670)
Sales and marketing expenses		<b>(35,167)</b>	(31,078)
Administrative expenses		<b>(28,658)</b>	(20,603)
Share of profit of an associate		<b>203</b>	133
Finance costs		<b>(2,267)</b>	(1,720)
Profit before tax	5	<b>10,578</b>	15,982
Income tax expense	6	<b>(2,105)</b>	(1,629)
Profit for the period		<b>8,473</b>	14,353
Earnings per share attributable to ordinary equity holders of the parent	8		
– Basic (in US cent)		<b>0.276</b>	0.462
– Diluted (in US cent)		<b>0.276</b>	0.462

\* *For identification purposes only*

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	For the six months ended 30 June	
	2022	2021
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Profit for the period	<u>8,473</u>	<u>14,353</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>(2,961)</u>	<u>560</u>
<b>Total comprehensive income for the period</b>	<b><u><u>5,512</u></u></b>	<b><u><u>14,913</u></u></b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

		<b>30 June 2022</b>	31 December 2021
	<i>Notes</i>	<b><i>US\$'000</i></b>	<i>US\$'000</i>
		<b>(Unaudited)</b>	(Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>79,461</b>	81,588
Investment properties		<b>16,350</b>	18,172
Right-of-use assets		<b>74,289</b>	78,771
Goodwill		<b>25,793</b>	25,793
Other intangible assets		<b>4,400</b>	4,400
Investment in an associate		<b>1,418</b>	1,215
Deferred tax assets		<b>4,526</b>	4,550
		<hr/>	<hr/>
Total non-current assets		<b>206,237</b>	214,489
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Inventories		<b>193,994</b>	139,938
Trade and other receivables	<i>9</i>	<b>132,810</b>	89,507
Held-for-trading investments	<i>10</i>	<b>83,567</b>	88,362
Tax recoverable		<b>2,464</b>	3,230
Cash and cash equivalents		<b>66,351</b>	65,009
		<hr/>	<hr/>
Total current assets		<b>479,186</b>	386,046
		<hr/>	<hr/>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	<i>11</i>	<b>100,449</b>	81,169
Interest-bearing bank borrowings		<b>142,158</b>	138,911
Lease liabilities		<b>6,181</b>	6,309
Tax payable		<b>11,407</b>	10,951
		<hr/>	<hr/>
Total current liabilities		<b>260,195</b>	237,340
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>218,991</b>	148,706
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>425,228</b>	363,195
		<hr/>	<hr/>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)***At 30 June 2022*

	<b>30 June 2022 US\$'000 (Unaudited)</b>	31 December 2021 US\$'000 (Audited)
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank borrowings	<b>89,425</b>	18,848
Lease liabilities	<b>14,201</b>	18,229
Deferred tax liabilities	<b>3,708</b>	2,494
	<hr/>	<hr/>
Total non-current liabilities	<b>107,334</b>	39,571
	<hr/>	<hr/>
Net assets	<b>317,894</b>	323,624
	<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>		
Issued capital	<b>151,926</b>	155,374
Reserves	<b>165,968</b>	168,250
	<hr/>	<hr/>
Total equity	<b>317,894</b>	323,624
	<hr/> <hr/>	<hr/> <hr/>

## NOTES:

### 1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021.

### 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

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 impact of the revised HKFRSs 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* 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 contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, 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, 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 while making property, plant and equipment available for use on or after 1 January 2021, the amendments did not have any impact on the financial position or performance of the Group.
- (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 to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.
- *HKFRS 16 Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

### 3. OPERATING SEGMENT INFORMATION

For the purpose of resource allocation and performance assessment, the 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\$37,549,000 (six months ended 30 June 2021: US\$28,603,000) 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.

### 4. REVENUE

An analysis of revenue is as follows:

	<b>For the six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<i>US\$'000</i>	<i>US\$'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<i>Revenue from contracts with customers</i>		
Sale of furniture	<b>278,841</b>	237,187
<i>Revenue from other sources</i>		
Service fee income	<b>154</b>	155
	<b>278,995</b>	237,342

#### 4. REVENUE (continued)

##### Revenue from contracts with customers

##### (i) Disaggregated revenue information

Segment – Furniture

	For the six months ended 30 June	
	2022	2021
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
<b>Types of goods</b>		
Sale of furniture and total revenue from contracts with customers	<u>278,841</u>	<u>237,187</u>
<b>Geographical markets</b>		
The People's Republic of China ("China"), including Hong Kong	4,105	4,126
The United States of America (the "U.S.")	269,413	227,502
Others	<u>5,323</u>	<u>5,559</u>
Total revenue from contracts with customers	<u>278,841</u>	<u>237,187</u>
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time and total revenue from contracts with customers	<u>278,841</u>	<u>237,187</u>

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

Segment – Furniture

	For the six months ended 30 June	
	2022	2021
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
<b>Revenue from contracts with customers</b>		
External customers and total revenue from contracts with customers	<u>278,841</u>	<u>237,187</u>

## 5. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2022	2021
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	197,417	173,949
Write-down of inventories to net realisable value	6,734	1,091
Reversal of write-down of inventories to net realisable value	(5,154)	(3,714)
Reversal of impairment of property, plant and equipment	–	(4,556)
Depreciation of investment properties	1,503	135
Depreciation of property, plant and equipment	4,547	4,653
Depreciation of right-of-use assets	3,936	3,586
Impairment of trade receivables	1,202	118
Net loss on held-for-trading investments	4,484	150
Loss/(gain) on disposal of items of property, plant and equipment	20	(510)
Bank interest income	(875)	(102)
Foreign exchange differences, net	1,197	156

## 6. INCOME TAX

For the Group's subsidiaries established in the U.S., income tax is calculated at the rate of 21% (six months ended 30 June 2021: 21%).

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (six months ended 30 June 2021: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (six months ended 30 June 2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (six months ended 30 June 2021: 16.5%).

Taiwan income tax is calculated at 20% (six months ended 30 June 2021: 20%) of certain subsidiaries' assessable profits.

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

	For the six months ended 30 June	
	2022	2021
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Current tax:		
The U.S.	351	16
Taiwan	365	433
Hong Kong	106	53
Elsewhere	48	1,118
Deferred tax	1,235	9
Total tax charge for the period	2,105	1,629



## 7. DIVIDENDS

During the Period, a final dividend of HK\$0.02 per share, amounting to approximately HK\$60.9 million (approximately US\$7.8 million) in aggregate, for the year ended 31 December 2021 was paid to the shareholders of the Company (six months ended 30 June 2021: Nil).

The Board has resolved that an interim dividend of HK\$0.01 (six months ended 30 June 2021: Nil) per share amounting to approximately HK\$30.4 million in aggregate, equivalent to approximately US\$3.9 million in aggregate for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil) be paid to the shareholders of the Company whose names appeared on the register of members on 13 September 2022.

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

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

	<b>For the six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Profit for the period attributable to ordinary equity holders of the parent for the purpose of basic and diluted earnings per share calculations	<b>8,473</b>	<b>14,353</b>
	<b>3,066,086,889</b>	<b>3,107,473,773</b>
	<b>For the six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>Number of shares</b>	<b>Number of shares</b>
Weighted average number of ordinary shares in issue during the period used in basic and diluted earnings per share calculations	<b>3,066,086,889</b>	<b>3,107,473,773</b>

The weighted average number of ordinary shares of 3,066,086,889 (six months ended 30 June 2021: 3,107,473,773) in issue during the Period was adjusted to exclude the shares repurchased during the Period.

The Group had no potentially dilutive ordinary shares in issue during the Period. For the six months ended 30 June 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.

## 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 allowance, is as follows:

	<b>30 June 2022</b>	<b>31 December 2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Trade receivables:		
Within 1 month	<b>62,536</b>	34,211
1 to 2 months	<b>14,654</b>	13,258
Over 2 months	<b>15,145</b>	10,178
	<b>92,335</b>	57,647
Other receivables and prepayments	<b>40,475</b>	31,860
	<b>132,810</b>	<b>89,507</b>

## 10. HELD-FOR-TRADING INVESTMENTS

	<b>30 June 2022</b> <i>US\$'000</i> <b>(Unaudited)</b>	31 December 2021 <i>US\$'000</i> <b>(Audited)</b>
Debt securities, at fair value:		
Listed in Hong Kong with average yield rate of 3.17% to 3.33% and maturity from October 2023 to January 2028	2,247	2,669
Listed in Singapore with average yield rate of 2.93% to 3.22% and maturity from May 2024 to August 2030	2,592	2,878
Listed in other jurisdictions with average yield rate of 2.87% to 3.18% and maturity from January 2024 to September 2080	2,282	2,133
Investment fund portfolio A, at fair value ( <i>Note</i> )	75,826	79,990
Investment fund portfolio B, at fair value ( <i>Note</i> )	205	218
Investment fund portfolio C, at fair value ( <i>Note</i> )	169	197
Investment fund portfolio D, at fair value ( <i>Note</i> )	246	277
	<u>83,567</u>	<u>88,362</u>

The above investments as at 30 June 2022 and 31 December 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 Period, the Group received dividends of US\$385,000 (six months ended 30 June 2021: US\$815,000) from investment fund portfolio A and the Group did not acquire or dispose of investment fund portfolio A during the Period. As at 30 June 2022, the Group holds 80,500 units (31 December 2021: 80,500 units) of investment fund portfolio A which accounted for approximately 11.1% (31 December 2021: 13.3%) of the total assets of the Group, and the unrealised loss of investment fund portfolio A amounted to US\$4,164,000 was charged to statement of profit or loss during the Period (six months ended 30 June 2021: unrealised loss of US\$984,000). The Group holds the investment fund 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:

	<b>30 June 2022</b> <i>US\$'000</i> <b>(Unaudited)</b>	31 December 2021 <i>US\$'000</i> <b>(Audited)</b>
Trade payables:		
Within 1 month	20,382	14,423
1 to 2 months	4,790	3,221
Over 2 months	6,143	4,746
	<u>31,315</u>	<u>22,390</u>
Other payables and accruals	69,134	58,779
	<u>100,449</u>	<u>81,169</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

Save as disclosed in this announcement, there have been no material changes in the development or future development of the Group's business and financial position since the publication of the annual report of the Company for the year ended 31 December 2021.

### BUSINESS REVIEW

Over the past decade, Samson has successfully transformed from an original equipment manufacturer to a leading furniture wholesaler with a strong brand-led business. Through our strategic acquisition of a luxury furnishing brand, Baker Interiors Group, LTD. and its subsidiaries (“**BIG**”) in 2017, the Group has further enhanced the diversified brand portfolio covering mid to high-end markets. The Group has continued to expand production capacities by globalizing the supply chain from China to Vietnam, Bangladesh, Indonesia and the U.S.. Based on the effective strategies, Samson was able to record growing sales and margin for the Period.

During the Period, as the effect of the COVID-19 was mitigated, the macroeconomy has recovered gradually from the pandemic. However, the bounce back in demand has stressed supply chains and caused inflation to rise. On demand front, the Federal Reserve Board (“**FED**”) continued to follow tightened policy and has raised interest rate since March 2022, adding pressures to the market demand. Meanwhile, consumer price index has soared over the past year, leading to a tight grip on the U.S. economy outlook. On the supply side, as the logistic costs showed an upward trend resulting from an increased delivery expense, Samson has partnered with several shipping service providers to ensure container availability and cost reductions.

Despite the economy headwinds, the Company was able to capture the opportunity for further market penetration through its diverse product offerings and multi-distribution channels and recorded growth. Samson has been striving to expand by forming partnership with online retailers to enhance sales on e-commerce channel. For the traditional channel, High Point Market, the home furnishings trade show in the U.S. was postponed to June 2022, and the number of participants had increased comparing to last year, showing a stable demand for orders. Moreover, our mass merchant channels had been performing well throughout the Period, and it is expected to continue in the second half of 2022.

With a globalized supply chain, Samson has built up stronger production capabilities to cope with geopolitical instabilities and to improve cost controls. Samson's capacity across the Asia region including Vietnam and Bangladesh has enhanced through factory investment and acquisitions in the last three years. Samson is confident in continuing to improve manufacturing efficiency of its factories across Asia to further enhance the operation and management efficiency across the brands.

As Samson adopts a unique multi-brand strategy based on the successful transformation from a China-centric manufacturing base to a globally production base, it is able to leverage the synergies across diversified business lines to drive organic growth, with the business of BIG turning from operating loss to operating profit, and our business in casegoods, upholstery as well as hospitality recording double-digit growth in sales during the Period. In the future, Samson will focus on improving overall profitability based on higher cost efficiency and operating system optimization. The Group looks forward to unlocking the growth opportunities in the second half of 2022.

## FINANCIAL REVIEW

Net sales for the Period was US\$279.0 million as compared to US\$237.3 million for the corresponding period in 2021, representing an increase of US\$41.7 million or 17.6%. Increase in net sales was mainly attributable to the pent-up demand from pandemic and the mitigation of supply chain disruptions.

Gross profit margin for the Period of 28.7% was recorded as compared to 27.8% for the corresponding period in 2021. Increased gross profit margin was mainly attributable to the growth in sales and improving manufacturing efficiency.

Total operating expenses for the Period increased to US\$70.6 million from US\$57.4 million for the corresponding period in 2021. 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.

Profit for the Period decreased to US\$8.5 million from US\$14.4 million for the corresponding period in 2021. Net profit margin decreased to 3.0% from 6.0% for the corresponding period in 2021. The decrease in profit was mainly due to the increasing operating expenses and an one time non-cash reversal of impairment of approximately US\$4.6 million as the result of the increase of the recoverable amount due to the change of use of the Group's premises in China from self-occupied to rental properties in the prior year but the Group did not have such reversal of impairment for the Period, while the depreciation expenses of such properties increased for the Period after the reversal in 2021.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2022, the Group's cash and cash equivalents increased by US\$1.4 million to US\$66.4 million from US\$65.0 million as at 31 December 2021. Total interest-bearing bank borrowings increased by US\$73.8 million to US\$231.6 million from US\$157.8 million as at 31 December 2021. The corresponding gearing ratio (total bank borrowings/shareholders' equity) increased to 72.8% from 48.7% as at 31 December 2021. 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, U.K. Pound Sterling, Vietnamese Dong, New Taiwan Dollars, Indonesian Rupiah and Hong Kong Dollars. As at 30 June 2022, short term bank borrowings of US\$142.2 million (31 December 2021: US\$138.9 million) bore interest at either the floating rates or fixed rate ranging from 1.7% to 3.0% respectively and long term bank borrowings of US\$89.4 million (31 December 2021: US\$18.8 million) bore interest at either the floating rates or fixed rate ranging from 1.0% to 4.0% respectively.

Sources of liquidity include cash and cash equivalents, cash from operations and general banking facilities granted to 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 24.1% to US\$479.2 million from US\$386.0 million as at 31 December 2021 and the Group's current liabilities increased by 9.6% to US\$260.2 million from US\$237.3 million as at 31 December 2021. The current ratio (current assets/current liabilities) is 1.8 times (31 December 2021: 1.6 times).

## **PLEDGE OF ASSETS**

As at 30 June 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\$108.2 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 expenditure for the Period amounted to US\$3.3 million as compared to US\$2.8 million for the corresponding period in 2021. Capital expenditure was mainly incurred for the purpose of upgrading and renovation of plant and machinery 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 the unaudited interim condensed financial information.

## **OUTLOOK**

On the demand front, surging inflation and interest rates may affect consumer demand, but our sales growth is anticipated to sustain as we adopt the multi-brand strategy across product lines and sales channels. As the tourism industry has recovered quickly, Samson's hospitality orders doubled in the first half of 2022 compared with the corresponding period in 2021. Samson's outdoor furniture business continues to grow during the Period, and we will further enhance the business line to target the mid-to-high end market. Meanwhile, our high-end furniture business, BIG is experiencing strong growth from increasing customer base, further enhancing our market positioning and overall profitability. Taking into account the aforementioned, the Group remains optimistic in our growth prospects in the second half of 2022 based on our long-term strategy.

On the supply front, recovery of the supply chain and the Group's production capacity will further enhance the overall manufacturing and delivery efficiency. Samson will continue to strengthen the partnerships with shipping service providers to ensure smooth delivery and counter the risks of container shortage in the future.

With a global manufacturing base, experienced management team, improving efficiencies and core competitiveness, Samson is expected to keep increasing its capacity and profitability. Combining its supply chain improvement and diversified brands, Samson is poised to maintain its competitive edges and expand its market share in the U.S., bringing fruitful results for 2022.

## **DIVIDEND**

The Board has resolved the payment of an interim dividend of HK\$0.01 per share for the six months ended 30 June 2022 (30 June 2021: Nil), amounting to approximately HK\$30.4 million (30 June 2021: Nil), to the shareholders of the Company whose names appeared on the Company's register of members on 13 September 2022. The interim dividend will be paid on 23 September 2022.

## CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to the interim dividend, the register of members of the Company will be closed from Friday, 9 September 2022 to Tuesday, 13 September 2022, both days inclusive, during which period no transfers of shares will be registered. In order to qualify for the entitlement to the interim dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged 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 Thursday, 8 September 2022.

## CORPORATE GOVERNANCE

The Board is committed to maintaining high standard of corporate governance. The Company confirms that it has complied with all the code provisions of the Corporate Governance Code (the "CG Code") contained in the 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 Period, 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). 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 Directors have confirmed that they have complied with the Model Code and the Company's Code throughout the Period.

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

During the Period, 68,957,000 ordinary shares of the Company ("Shares") were repurchased by the Company ("Repurchased Shares") for a total consideration of US\$3,450,000 (equivalent to HK\$26,950,000) of which 39,100,000 Shares and 29,857,000 Shares were subsequently cancelled on 4 April and 30 June 2022, respectively.

Month of repurchase	Number of Shares	Price per share		Aggregate consideration
		Highest HK\$	Lowest HK\$	paid HK\$'000
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
	<u>68,957,000</u>			<u>26,950</u>

The Repurchased Shares were cancelled through the cancellation of relevant share certificates. The nominal value of the cancelled Repurchased Shares during the Period was approximately US\$3,448,000.

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 Period.

#### **INDEPENDENT AUDITORS AND AUDIT COMMITTEE REVIEW**

The unaudited interim condensed consolidated financial information of the Group for the Period has been reviewed by Ernst & Young, the independent auditor of the Company, of which the review report is included in the interim report to be despatched to the shareholders of the Company and the audit committee of the Board (the "**Audit Committee**"). There was no disagreement by the Audit Committee with the accounting treatment adopted by the Company for the preparation of unaudited interim results and interim report for the Period.

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

This announcement is posted on the websites of the Company ([www.samsonholding.com](http://www.samsonholding.com)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The interim report will be despatched to the shareholders of the Company and posted on the aforementioned websites in due course.

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

25 August 2022

*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.*