



WAH SUN HANDBAGS INTERNATIONAL HOLDINGS LIMITED
華新手袋國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2683



2023/24
Interim Report



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Ma Hing Man (*Chairman*)
Mr. Ma Hing Ming (*Chief Executive Officer*)
Ms. Ma Lan Chu
Mr. Ma Yum Chee
Ms. Ma Lan Heung

Independent Non-executive Directors

Mr. Lam Kwok Cheong
Mr. Wong Wai Keung Frederick
Mr. Yeung Chi Wai

BOARD COMMITTEES

Audit Committee

Mr. Wong Wai Keung Frederick (*Chairman*)
Mr. Lam Kwok Cheong
Mr. Yeung Chi Wai

Remuneration Committee

Mr. Lam Kwok Cheong (*Chairman*)
Mr. Wong Wai Keung Frederick
Mr. Yeung Chi Wai
Mr. Ma Hing Man
Mr. Ma Hing Ming

Nomination Committee

Mr. Yeung Chi Wai (*Chairman*)
Mr. Lam Kwok Cheong
Mr. Wong Wai Keung Frederick
Mr. Ma Hing Man
Mr. Ma Hing Ming

Risk Management Committee

Mr. Wong Wai Keung Frederick (*Chairman*)
Mr. Lam Kwok Cheong
Mr. Yeung Chi Wai

REGISTERED OFFICE

Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 9, 6/F., Wah Yiu Industrial Centre
30-32 Au Pui Wan Street
Fo Tan, Shatin
New Territories, Hong Kong

COMPANY SECRETARY

Mr. Yeung Lee Fai (resigned on 27 June 2023)
Mr. Wong Man Hong (appointed on 27 June 2023)

AUTHORISED REPRESENTATIVES

Mr. Ma Hing Ming
Mr. Yeung Lee Fai (resigned on 27 June 2023)
Mr. Wong Man Hong (appointed on 27 June 2023)

LEGAL ADVISER AS TO HONG KONG LAWS

Howse Williams
27/F., Alexandra House
18 Chater Road
Central, Hong Kong

Corporate Information

INDEPENDENT AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F., Prince's Building
Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
Room 2103B, 21/F., 148 Electric Road
North Point, Hong Kong

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
11th Floor, The Center
99 Queen's Road Central
Hong Kong

Bank of China (Hong Kong) Limited
14th Floor, Bank of China Tower
1 Garden Road
Hong Kong

Dah Sing Bank Limited
36th Floor, Everbright Centre
108 Gloucester Road
Hong Kong

COMPANY'S WEBSITE

www.wahsun.com.hk

LISTING INFORMATION

Place of Listing

Main Board of The Stock Exchange of Hong Kong Limited

Stock Code

2683

Board Lot

2,000 shares



Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

Wah Sun Handbags International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is a non-leather handbag original equipment manufacturer (“**OEM**”). The Group principally manufactures and trades handbag products.

During the six months ended 30 September 2023 (“**1H2023**”), with the lifting of the novel coronavirus disease 2019 (the “**COVID-19**”) epidemic prevention and control measures, the world economy showed initial signs of recovery. Although the economic activities had grown modestly in the United States of America (the “**US**”) and Europe, our customers still had to seek a balance between logistical risks and inventory pressure. Considerable uncertainties remained in the international community, especially when the Russo-Ukrainian War has triggered the energy crisis across the world, leading to a price surge of various raw materials that had squeezed profit due to higher costs.

Major economies in the world have shown recovery and should further improve the overall sentiment. However, the downside risk has increased as the consumer market in the US, which accounted for more than 80% of the Group’s total revenue, may be influenced by the increasing trend of interest rate and inflation rate in the US which may affect their purchasing power and consumer confidence in return.

Besides, the trade dispute between the People’s Republic of China (the “**PRC**”, for the purpose of this interim report, excluding Hong Kong, Macao and Taiwan) and the US which has persisted with occasional confrontation flaring up.

In a volatile operating environment, the Group places great emphasis on sustainability and internal control of business operations, and spares no effort to disperse production risks. Against the backdrop of the increasing complexity of global competition and co-operation, the Kingdom of Cambodia (“**Cambodia**”) has continuously become one of the most highly sought-after production bases by global manufacturing enterprises due to its advantages in terms of population, labour costs and cultural standards, as well as the local government’s commitment to ensuring stable operations for supply chain companies. The Group initiated its Cambodian production capacity plan as early as 2013. Currently, the Cambodian production base accounts for approximately 90% of the Group’s total production capacity, combining scale, power, agility and high quality output to effectively cater for the rapid recovery and the large number of orders from our customers in overseas markets. At the same time, the Cambodian base has also become a precious resource in the supply chain which brand partners are vying to secure, due to its improving core indicators of cost, efficiency and profitability.

The generalised system of preferences program of the US (the “**US GSP**”) which covered a period of three years from 1 January 2018 to 31 December 2020, allowed all eligible goods to the US from all beneficiary countries and territories under the program, including Cambodia, to be exempted from import tariffs. The US GSP program expired on 31 December 2020 accordingly and has yet to be re-authorised by the US Congress as at the date of this interim report. Nevertheless, the management of the Company (the “**Management**”) believes that Cambodia is still expected to remain as one of the preferred manufacturing locations for its customers due to its relatively low labour costs and relatively stable general political situation when compared with some of the other Southeast Asian countries. Besides, the Management considers that competition in the handbag OEM industry is based on various factors, including quality of products, product development and price. With the Group’s experienced management team, long-standing history and good reputation in the industry, well-established quality control system and stable business relationships with its customers, the Management believes that the Group has a competitive advantage over its competitors.

Management Discussion and Analysis

Despite the drastic changes in the markets, the Management prudently and calmly confronted those challenges by swiftly modifying the operation strategies of the Group. For 1H2023, the revenue of the Group increased by approximately Hong Kong Dollars (“**HK\$**”) 86.9 million or 35.1% to HK\$334.5 million when compared with that of the six months ended 30 September 2022 (“**1H2022**”). For 1H2023, profit attributable to owners of the Company increased by approximately HK\$13.6 million to approximately HK\$20.9 million from approximately HK\$7.3 million for 1H2022.

In respect of industry development, modern consumers seek handbags that not only offer aesthetic appeal and brand prestige but also practicality and functionality. Many brands strive to integrate fashion-forward designs with practical features, such as multiple compartments, adjustable straps, and internal organisation. In addition, the increasing preference for sustainable and eco-friendly handbags among customers is offering strong growth opportunities in the market. Handbag manufacturers/brands may offer products made with vegan leather, plant-based and upcycled materials, and sustainable materials. Furthermore, with the increased spending on goods through online platforms triggered by a shift in consumer habits in the recent years, the market has been experiencing significant growth. Startup e-retailers and e-commerce websites have gained more traction owing to festive/seasonal sales and discounted prices, convenience, and the availability of an extensive range of products on websites. However, physical stores still play a significant role, offering customers the opportunity to touch and try on products. The handbag industry is a constantly evolving market, and trends may vary over time, seasons, and other factors.

North America is expected to remain dominant throughout the upcoming financial period. The fashion industry’s expanding influence over a wider population is expected to fuel the demand for handbags in the North American region, given the high discretionary wealth of people. Furthermore, clearance sales and Black Friday deals are popular in the US, with women, in particular, crowding to acquire accessories such as purses. During these events, international suppliers in the North American regional market see a boost in sales. The market in the Asia Pacific region has witnessed a substantial growth in online retail. E-commerce platforms provide consumers with easy access to a wide range of handbag options, including international brands. Online marketplaces, brand websites, and social media platforms play a vital role in driving sales and reaching customers in the region. Handbag market experiences ongoing shifts in trends and consumer preferences. These trends can vary from season to season and can be influenced by factors such as celebrity endorsements, fashion shows, social medias and cultural influences.

In the post-COVID-19 era and with uncertainties in the international social and economic environment, the Management is confronted with unprecedented challenges, but is also presented with opportunities not seen before. The Management will continue to take prudent and responsible measures to preserve a healthy financial position to sustain the Group’s operations. While the Group expects to continue to face pricing competition from other operators with factories in Southeast Asia, the Group will continue to leverage on our economies of scales and further enhance its manufacturing efficiency and production flexibility, new revenue streams and balanced growth to bring sustainable returns to the shareholders of the Company (the “**Shareholders**”).

The Company attached great importance to Shareholders’ return. With due regard to the Company’s business development, the Board resolved to distribute an interim dividend of HK2.0 cents per ordinary share of the Company (each a “**Share**” and collectively, the “**Shares**”) (1H2022: HK1.0 cent per Share) and a special dividend of HK1.0 cent per Share (1H2022: Nil) for 1H2023.



Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

Our revenue is generated from the manufacturing and sales of handbags, net of returns and discounts. Our revenue was derived from a single segment with different production bases.

The Group's revenue increased to approximately HK\$334.5 million for 1H2023 from approximately HK\$247.6 million for 1H2022, representing an increase of approximately 35.1%.

The Group recorded an increase of revenue from customers in the US by approximately HK\$87.4 million or 45.0% during 1H2023 from approximately HK\$194.3 million for 1H2022 to approximately HK\$281.7 million for 1H2023. This was mainly due to the continuing market recovery after the COVID-19 pandemic in North America, the largest market of the Group, which resulted in a renewed sense of optimism and consumer confidence despite being somewhat dampened by macroeconomic uncertainties, leading to increased spending and demand of our product.

Revenue generated by sales of products manufactured in Cambodia and Dongguan, the PRC (including products manufactured by our sub-contractors at their own manufacturing facilities in the PRC) is set out below:

	Six months ended 30 September			
	2023 HK\$'000 (Unaudited)	%	2022 HK\$'000 (Unaudited)	%
Cambodia	316,950	95	224,164	91
Dongguan, the PRC	17,522	5	23,426	9
	334,472	100	247,590	100

The Group's strategy is to strengthen its customer base by continuing to grow its business with existing customers and capturing greater market share in different markets through sourcing new customers.

The Group's sales to its top five customers accounted for approximately 98% of the total revenue for 1H2023, with the Group's sales to its largest customer accounting for approximately 31% of the total revenue for 1H2023.

The Group continued to solidify its reputation for high quality products and demonstrated its strong abilities to co-operate well with different types of customers such as the well-known multinational fashion brands in our proven track record.

Management Discussion and Analysis

The following table sets forth, for the periods indicated, the total revenue, the respective quantities sold and the respective average selling price:

	Six months ended 30 September	
	2023 (Unaudited)	2022 (Unaudited)
Revenue (HK\$'000)	334,472	247,590
Quantities sold (Unit'000)	4,515	3,064
Average selling price (HK\$/Unit)	74.1	80.8

The decrease in average unit selling price was mainly due to the change in the complexity of products sold which affected the overall average selling price of our products.

Cost of sales

The Group's cost of sales primarily consists of (i) cost of raw materials consumed; (ii) labour costs; (iii) sub-contracting charges; and (iv) others.

The cost of sales increased to approximately HK\$272.3 million for 1H2023 from approximately HK\$212.6 million for 1H2022, representing an increase of approximately 28.1%.

The increase in terms of percentage of the Group's cost of sales was less than that of the revenue increase during 1H2023 as compared to that for 1H2022, mainly due to continuing implementation of certain stringent cost control measures which successfully reduced the base production operating costs of the Group.

Gross profit and gross profit margin

With the factors as mentioned above, the Group's gross profit increased to approximately HK\$62.1 million for 1H2023 from approximately HK\$35.0 million for 1H2022, representing an increase of approximately 77.5%, and the Group's gross profit margin increased to 18.6% for 1H2023 from 14.1% for 1H2022, representing an increase of 4.5%.

Other gains, net

The Group's other gains primarily consist of (i) net exchange gains of approximately HK\$2.3 million for 1H2023 (1H2022: net exchange gains of approximately HK\$4.8 million) mainly arising from the depreciation of Renminbi ("RMB") against HK\$ during 1H2023; and (ii) gain on sales of scrap materials of approximately HK\$0.1 million for 1H2023 (1H2022: approximately HK\$0.2 million).

Selling and distribution expenses

The Group's selling and distribution expenses primarily consist of transportation, customs charges, product testing and inspection fees.



Management Discussion and Analysis

Selling and distribution expenses increased to approximately HK\$13.6 million for 1H2023 from approximately HK\$11.5 million for 1H2022, representing an increase of approximately 18.9%. The increase was primarily due to the increase in transportation and insurance expenses, which was mainly because of the increase in the level of sales activity.

Administrative expenses

The Group's administrative expenses primarily consist of employee benefit expenses, operating lease rentals mainly for office, entertainment and travelling expenses, legal and professional fees and other miscellaneous general and administrative expenses.

Provision for impairment of trade receivables

As at 30 September 2023, the Group assessed the recoverability of trade receivables under the impairment model of Hong Kong Financial Reporting Standard (“**HKFRS**”) 9. The assessment included the consideration of ageing of trade receivables, repayment history, payment profile and credit profile of the respective customers. The Group also assessed a forward-looking element which our customers would likely be exposed to under the macro-economic environment.

Based on the latest information made available to the board (the “**Board**”) of directors of the Company (the “**Directors**”) as at the date hereof, a provision for impairment of trade receivables, determined by way of the expected credit loss model, of approximately HK\$3.1 million has been made and charged to the condensed consolidated income statement of the Group as an expense for 1H2023.

Finance costs, net

Net finance costs decreased by approximately HK\$0.2 million or 18.3% from approximately HK\$1.3 million for 1H2022 to approximately HK\$1.1 million for 1H2023.

The decrease was mainly due to the increase in the interest income on bank deposits for 1H2023.

Income tax expenses

The Group's income tax expenses increased by approximately HK\$3.1 million or 263.0% from HK\$1.2 million for 1H2022 to approximately HK\$4.3 million for 1H2023.

The increase was mainly due to the increase in assessable profit for 1H2023.

Profit for the period

As a result of the foregoing, profit for the period attributable to owners of the Company increased by approximately HK\$13.6 million or 185.9% to approximately HK\$20.9 million for 1H2023 from approximately HK\$7.3 million for 1H2022 and the net profit margin increased from 2.5% for 1H2022 to 6.1% for 1H2023.

Management Discussion and Analysis

FINANCIAL POSITION, LIQUIDITY AND FINANCIAL RESOURCES

Borrowings and pledge of assets

As at 30 September 2023, the Group had no borrowings (31 March 2023: Nil).

Banking facilities were secured by bank deposits of approximately HK\$24.5 million as at 30 September 2023 (31 March 2023: approximately HK\$24.0 million).

The Group aims to maintain flexibility in funding by keeping sufficient bank balances, committed credit lines available and interest-bearing borrowings, which enables the Group to continue its business for the foreseeable future.

Working capital management

The Group is committed to maintaining a sound financial policy. The Group continues to improve its operational efficiency in order to improve the health of its working capital. The Group has normally funded its working capital requirements primarily through net cash generated from the operating activities and bank borrowings. The Group also ensures that it has sufficient funds to meet its existing and future cash requirements while providing sustainable and stable dividend return to the Shareholders.

Liquidity ratios

As at 30 September 2023, the Group had cash and cash equivalents of approximately HK\$147.5 million (31 March 2023: approximately HK\$103.0 million), which were mainly denominated in HK\$, US\$ and RMB. The Group's current ratio, gearing ratio and net debt to equity ratio are as follows:

	30 September 2023 (Unaudited)	31 March 2023 (Audited)
Current ratio	2.6	2.6
Gearing ratio	N/A	N/A
Net debt to equity ratio	Net cash	Net cash

Current ratio is calculated based on the total current assets divided by the total current liabilities as at the respective dates.

Gearing ratio is calculated based on the total debt divided by total equity as at the respective dates and multiplied by 100%.

Net debt to equity ratio is calculated based on net debts (being total borrowing net of cash and cash equivalents) divided by total equity as at the respective dates.

The Group maintained net cash position and healthy current ratio, reflecting its healthy financial position.



Management Discussion and Analysis

Financial management, treasury policy and foreign currency exposure

The Group's financial management, treasury policy and foreign currency exposure had not materially changed since the information disclosed in our annual report for the year ended 31 March 2023.

Employee and remuneration policy

As at 30 September 2023, the Group employed a total of 4,244 employees (31 March 2023: 3,477 employees). It is the policy of the Group to provide a regular review on its employees' pay levels, performance bonus system and other fringe benefits (including social insurance coverage and sponsored training) to ensure that the remuneration policy is competitive within the relevant industry. During 1H2023, staff costs (including Directors' emoluments) amounted to approximately HK\$82.5 million (1H2022: approximately HK\$82.0 million). The Company has adopted a share option scheme for the purpose of providing incentives or rewards to eligible persons for their contributions to the Group. The Group also provides and arranges on-the-job training for the employees.

Development and training

Continuous development of its staff is one of the crucial successes of the Group. The Group provides on-board trainings and orientation for new incoming staff. In addition, the Group encourages its employees to attend external training courses or seminars during office hours, which are applicable to the industry and relevant to their job duties. The Group strives to ensure that all employees can fulfill the relevant job requirements in terms of education, training, technical and work experience.

Significant investments/material acquisitions and disposals

The Group had not made any significant investments or material acquisitions and disposals of subsidiaries, associates or joint ventures during 1H2023.

Future plans for material investments or capital assets

Saved as disclosed in the prospectus of the Company dated 10 January 2018, the Group did not have other plans for material investments and capital assets as at 30 September 2023.

Capital commitments

As at 30 September 2023, the Group had no capital commitments (31 March 2023: Nil) in respect of acquisition of property, plant and equipment.

Contingent liabilities

As at 30 September 2023, the Group did not have any significant contingent liabilities (31 March 2023: Nil).

Management Discussion and Analysis

Events after 1H2023

No material events have occurred after 1H2023 and up to the date of this interim report.

Dividends

The Board has resolved to declare an interim dividend of HK2.0 cents per Share (1H2022: HK1.0 cent per Share) and a special dividend of HK1.0 cent per Share (1H2022: Nil) in respect of 1H2023, amounting to approximately HK\$12,259,000 (the “**Dividends**”) payable to the Shareholders whose names appear on the register of members of the Company (the “**Register of Members**”) on Friday, 5 January 2024. The Dividends will be distributed to such Shareholders on or about Friday, 19 January 2024.

Closure of Register of Members

The Register of Members will be closed from Wednesday, 3 January 2024 to Friday, 5 January 2024, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the Dividends, non-registered Shareholders must lodge all completed transfer forms accompanied by the relevant share certificates with the Company’s Hong Kong branch share registrar and transfer office, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 2 January 2024.



Corporate Governance and Other Information

CORPORATE GOVERNANCE

During 1H2023, the Company had adopted and complied with all applicable code provisions in all material respects as set out in the Corporate Governance Code (the “**CG Code**”) as contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and did not deviate from any code provision.

DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2023, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”), which were required to be (a) notified to the Company and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, recorded in the register referred to therein; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the “**Model Code**”), were as follows:

(i) Long position in the Shares

Name of Directors/ Chief executive	Capacity/Nature of interest (Note 1)	Number of Shares/ underlying Shares interested	Approximate percentage of the issued Shares*
Mr. Ma Hing Man	Interest in a controlled corporation and interest held jointly with other persons	301,138,000	73.70%
Mr. Ma Hing Ming	Interest in a controlled corporation and interest held jointly with other persons	301,138,000	73.70%
Ms. Ma Lan Chu	Interest in a controlled corporation and interest held jointly with other persons	301,138,000	73.70%
Mr. Ma Yum Chee	Interest in a controlled corporation and interest held jointly with other persons	301,138,000	73.70%
Ms. Ma Lan Heung	Interest in a controlled corporation and interest held jointly with other persons	301,138,000	73.70%

Corporate Governance and Other Information

Note:

- Mr. Ma Hing Man, Mr. Ma Hing Ming, Ms. Ma Lan Chu, Mr. Ma Yum Chee and Ms. Ma Lan Heung have decided to restrict their ability to exercise direct control over our Company by holding their interests through a common investment entity, Wah Sun International Holdings Limited ("**Wah Sun Holdings**"). Wah Sun Holdings' entire issued share capital is personally held by each of Mr. Ma Hing Man, Mr. Ma Hing Ming, Ms. Ma Lan Chu, Mr. Ma Yum Chee and Ms. Ma Lan Heung as to 20%. They are also parties to an acting in concert deed dated 24 June 2017 (the "**Acting In Concert Deed**"), pursuant to which each of them has agreed, amongst other matters, to consolidate his/her interests in, and control the management over Wah Sun Holdings and our Company, and to vote on any resolution to be passed at any shareholders' meeting of Wah Sun Holdings and our Company in a unanimous manner. Each of Mr. Ma Hing Man, Mr. Ma Hing Ming, Ms. Ma Lan Chu, Mr. Ma Yum Chee and Ms. Ma Lan Heung is, therefore, deemed to be interested in the shares of Wah Sun Holdings held by each of them in aggregate and all the shares held by Wah Sun Holdings under the SFO.

* The percentage represents the total number of the Shares and the underlying Shares, if any, interested divided by the number of issued Shares of 408,626,000 as at 30 September 2023.

(ii) Long position in the shares of associated corporation

Name of Directors	Name of associated corporation	Capacity/Nature of interest (Note)	Number of shares held	Percentage of interest
Mr. Ma Hing Man	Wah Sun Holdings	Beneficial owner and interest held jointly with other persons	5	100%
Mr. Ma Hing Ming	Wah Sun Holdings	Beneficial owner and interest held jointly with other persons	5	100%
Ms. Ma Lan Chu	Wah Sun Holdings	Beneficial owner and interest held jointly with other persons	5	100%
Mr. Ma Yum Chee	Wah Sun Holdings	Beneficial owner and interest held jointly with other persons	5	100%
Ms. Ma Lan Heung	Wah Sun Holdings	Beneficial owner and interest held jointly with other persons	5	100%



Corporate Governance and Other Information

Note: Wah Sun Holdings is a direct Shareholder and is an associated corporation of the Company within the meaning of Part XV of the SFO. Each of Mr. Ma Hing Man, Mr. Ma Hing Ming, Ms. Ma Lan Chu, Mr. Ma Yum Chee and Ms. Ma Lan Heung is personally interested in one share of US\$1.00 in Wah Sun Holdings, representing 20% of the entire issued share capital of Wah Sun Holdings. Each of them is also a party to the Acting In Concert Deed, pursuant to which each of them has agreed, amongst other matters, to consolidate his/her interests in, and control the management over Wah Sun Holdings and our Company, and to vote on any resolution to be passed at any shareholders' meeting of Wah Sun Holdings and our Company in a unanimous manner. Each of Mr. Ma Hing Man, Mr. Ma Hing Ming, Ms. Ma Lan Chu, Mr. Ma Yum Chee and Ms. Ma Lan Heung is, therefore, deemed to be interested in the shares in Wah Sun Holdings held by each of them in aggregate under the SFO. Each of Mr. Ma Hing Man, Mr. Ma Hing Ming, Ms. Ma Lan Chu, Mr. Ma Yum Chee and Ms. Ma Lan Heung is a director of Wah Sun Holdings.

Save as disclosed above, as at 30 September 2023, none of the Directors or the chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, recorded in the register referred to therein; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2023, so far as is known to the Directors, the following entity or persons other than the Directors and chief executive of the Company, had interests or short positions in the Shares and underlying Shares as required to be recorded in the register to be kept by the Company under Section 336 of the SFO:

Long position in the Shares

Name of Shareholders	Capacity/Nature of interest	Number of Shares interested or held	Approximate percentage of the issued Shares*
Wah Sun Holdings (Notes 1 and 2)	Beneficial owner	301,138,000	73.70%
Ms. Chan Sim Kuen (Note 3)	Interest of a spouse	301,138,000	73.70%
Ms. Wu Yu Ling (Note 4)	Interest of a spouse	301,138,000	73.70%
Ms. Yung Ngan Sim (Note 5)	Interest of a spouse	301,138,000	73.70%

Corporate Governance and Other Information

Notes:

1. Wah Sun Holdings is a direct Shareholder.
 2. Wah Sun Holdings is beneficially owned as to 20% each by Mr. Ma Hing Man, Mr. Ma Hing Ming, Ms. Ma Lan Chu, Mr. Ma Yum Chee and Ms. Ma Lan Heung. Each of them is also a party to the Acting In Concert Deed, pursuant to which each of them has agreed, amongst other matters, to consolidate his/her interests in, and control the management over Wah Sun Holdings and our Company, and to vote on any resolution to be passed at any shareholders' meeting of Wah Sun Holdings and our Company in a unanimous manner. Each of Mr. Ma Hing Man, Mr. Ma Hing Ming, Ms. Ma Lan Chu, Mr. Ma Yum Chee and Ms. Ma Lan Heung is, therefore, deemed to be interested in the shares in Wah Sun Holdings held by each of them in aggregate under the SFO.
 3. Ms. Chan Sim Kuen is the spouse of Mr. Ma Hing Man. Ms. Chan Sim Kuen is deemed to be interested in the same number of Shares in which Mr. Ma Hing Man is deemed to be interested by virtue of Part XV of the SFO.
 4. Ms. Wu Yu Ling is the spouse of Mr. Ma Hing Ming. Ms. Wu Yu Ling is deemed to be interested in the same number of Shares in which Mr. Ma Hing Ming is deemed to be interested by virtue of Part XV of the SFO.
 5. Ms. Yung Ngan Sim is the spouse of Mr. Ma Yum Chee. Ms. Yung Ngan Sim is deemed to be interested in the same number of Shares in which Mr. Ma Yum Chee is deemed to be interested by virtue of Part XV of the SFO.
- * The percentage represents the number of the Shares interested divided by the number of issued Shares of 408,626,000 as at 30 September 2023.

Save as disclosed above, as at 30 September 2023, so far as is known by or otherwise notified to the Directors, no other entity or person (other than a Director or the chief executive of the Company) had interests or short positions in the Shares and underlying Shares as required to be recorded in the register to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

In order to provide an incentive or a reward to eligible persons for their contributions to the Group and enable the Group to recruit and retain human resources that are valuable to the Group, the Company adopted a share option scheme on 2 January 2018 (the “**Share Option Scheme**”), under which it may grant options to eligible persons.

No share option has been granted under the Share Option Scheme since its adoption and therefore, no share options lapsed or were granted, exercised or cancelled during 1H2023.

As at 1 April 2023 and 30 September 2023, the total number of share options available for grant under the Share Option Scheme were 40,000,000.

The total number of Shares that may be issued in respect of share options granted under all schemes of the Company during 1H2023 divided by the weighted average number of Shares in issue for 1H2023 was Nil.

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

During 1H2023, the Company did not redeem any of its listed securities, nor did the Company or any of its subsidiaries purchase or sell such securities.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct governing the securities transactions by the Directors. In response to a specific enquiry made by the Company of each of the Directors, all Directors have confirmed that they had complied with the required standards as set out in the Model Code throughout 1H2023. The Model Code also applies to other specified senior management of the Group in respect of their dealings in the Company's securities.



Corporate Governance and Other Information

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

None of the Directors or the controlling Shareholders (as defined under the Listing Rules) or their respective close associates (as defined under the Listing Rules) (a) had interests in any business apart from the Group's business which competed or was likely to compete, either directly or indirectly, with the businesses of the Group; and (b) had or might have any other conflicts of interest with the Group, during 1H2023.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Board (the "**Audit Committee**") comprises three independent non-executive Directors and was established on 2 January 2018 with written terms of reference in compliance with Rules 3.21 and 3.22 of the Listing Rules and code provision D.3.3 of the CG Code, and reports to the Board. The Audit Committee has reviewed and discussed with the Board the unaudited condensed consolidated financial statements of the Group for 1H2023 (the "**Condensed Consolidated Financial Statements**") and this interim report. PricewaterhouseCoopers, as the Company's independent auditor, has reviewed the Condensed Consolidated Financial Statements in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company believes that maintaining a high level of transparency is key to enhancing investor relations. It is committed to a policy of open and timely disclosure of corporate information to its Shareholders and the investing public. The Company updates the Shareholders on its latest business developments and financial performance through its circulars, announcements as well as annual and interim reports. The corporate website of the Company (<https://www.wahsun.com.hk>) has provided an effective communication platform to the public and the Shareholders.

APPRECIATION

The Board would like to take this opportunity to extend our heartfelt gratitude to the Management and our colleagues for their contributions and hard work to the development of the Group. In particular, in the face of the current adversity, the Board would like to express our sincere appreciation to all the colleagues for their continuous professionalism and commitment to their positions, facing the challenges together with joint efforts. At the same time, the Board would like to extend our sincere gratitude to our customers for their support and trust over the years, and thank our Shareholders, business partners and suppliers for their long term trust in the Group. The Group will continue to strive for progress in the spirit of innovation, grow together with business partners, and promote the long-term sustainable development of the Group's business.

By Order of the Board

Wah Sun Handbags International Holdings Limited

Ma Hing Man

Chairman and Executive Director

Hong Kong, 27 November 2023

Report on Review of Interim Financial Information



羅兵咸永道

To the Board of Directors of
Wah Sun Handbags International Holdings Limited
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 18 to 40, which comprises the interim condensed consolidated statement of financial position of Wah Sun Handbags International Holdings Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) as at 30 September 2023 and the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 November 2023

PricewaterhouseCoopers, 22/F, Prince’s Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com



Condensed Consolidated Income Statement

	Notes	Six months ended 30 September	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	5 & 6	334,472	247,590
Cost of sales		(272,326)	(212,575)
Gross profit		62,146	35,015
Other income	6	1,951	131
Other gains, net	6	2,421	5,009
Selling and distribution expenses		(13,646)	(11,479)
Administrative expenses		(23,994)	(22,449)
(Provision for)/reversal of provision for impairment of trade receivables		(3,139)	2,477
Operating profit		25,739	8,704
Finance income		1,314	123
Finance costs		(2,389)	(1,438)
Finance costs, net	7	(1,075)	(1,315)
Profit before income tax	8	24,664	7,389
Income tax expenses	9	(4,254)	(1,172)
Profit for the period		20,410	6,217
Profit attributable to:			
Owners of the Company		20,907	7,313
Non-controlling interests		(497)	(1,096)
		20,410	6,217
		HK cents	HK cents
Basic and diluted earnings per share for profit attributable to owners of the Company	11	5.1	1.8

The above condensed consolidated income statement should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Profit for the period	20,410	6,217
Other comprehensive loss		
<i>Item that may be reclassified subsequently to profit or loss</i>		
– Currency translation differences	(27)	(119)
Total comprehensive income for the period	20,383	6,098
Attributable to:		
Owners of the Company	20,880	7,194
Non-controlling interests	(497)	(1,096)
	20,383	6,098

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.



Condensed Consolidated Statement of Financial Position

	<i>Notes</i>	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Right-of-use assets	12	20,773	22,694
Property, plant and equipment	13	43,535	43,950
Investment property	14	4,844	5,900
Financial asset at fair value through profit or loss	15	1,392	1,371
Deferred income tax assets		2,834	2,516
		73,378	76,431
Current assets			
Inventories	16	84,746	128,585
Trade receivables	17	69,619	36,393
Prepayments, deposits and other receivables	17	12,452	13,773
Current income tax recoverable		164	172
Pledged bank deposits	18	24,491	23,980
Cash and cash equivalents	18	147,528	103,043
		339,000	305,946
Total assets		412,378	382,377

Condensed Consolidated Statement of Financial Position

	Notes	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
EQUITY			
Equity attributable to owners of the Company			
Share capital	19	4,086	4,086
Share premium	19	109,611	109,611
Exchange reserve		2,544	2,571
Capital reserve		21,656	21,656
Retained earnings		126,103	109,282
		264,000	247,206
Non-controlling interests		(3,146)	(2,649)
Total equity		260,854	244,557
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		123	–
Lease liabilities	12	18,613	20,419
		18,736	20,419
Current liabilities			
Trade and bills payables	20	94,970	93,103
Accruals and other payables	20	25,814	20,375
Current income tax liabilities		4,503	515
Lease liabilities	12	3,415	3,408
Dividend payable	10	4,086	–
		132,788	117,401
Total liabilities		151,524	137,820
Total equity and liabilities		412,378	382,377

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.



Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Exchange reserve	Capital reserve	Retained earnings	Total		
	HK\$'000 (Note 19)	HK\$'000 (Note 19)	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
As at 31 March 2022 (Audited)	4,086	109,611	2,697	21,656	121,218	259,268	(161)	259,107
Comprehensive income								
Profit/(loss) for the period	-	-	-	-	7,313	7,313	(1,096)	6,217
Other comprehensive income								
Currency translation difference	-	-	(119)	-	-	(119)	-	(119)
Total comprehensive (loss)/ income	-	-	(119)	-	7,313	7,194	(1,096)	6,098
2021/22 dividend (Note 10)	-	-	-	-	(16,345)	(16,345)	-	(16,345)
As at 30 September 2022 (Unaudited)	4,086	109,611	2,578	21,656	112,186	250,117	(1,257)	248,860
As at 31 March 2023 (Audited)	4,086	109,611	2,571	21,656	109,282	247,206	(2,649)	244,557
Comprehensive income								
Profit/(loss) for the period	-	-	-	-	20,907	20,907	(497)	20,410
Other comprehensive loss								
Currency translation difference	-	-	(27)	-	-	(27)	-	(27)
Total comprehensive (loss)/ income	-	-	(27)	-	20,907	20,880	(497)	20,383
2022/23 dividend (Note 10)	-	-	-	-	(4,086)	(4,086)	-	(4,086)
As at 30 September 2023 (Unaudited)	4,086	109,611	2,544	21,656	126,103	264,000	(3,146)	260,854

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Cash flows from operating activities		
Net cash generated from operations	52,298	26,040
Income tax paid	(452)	(909)
Net cash generated from operating activities	51,846	25,131
Cash flows from investing activities		
Purchases of property, plant and equipment	(2,871)	(5,733)
Increase in pledged bank deposits	(511)	(56)
Interest received	1,314	123
Net cash used in investing activities	(2,068)	(5,666)
Cash flows from financing activities		
Payment of lease liabilities	(2,300)	(1,893)
Interest paid	(1,818)	(855)
Net cash used in financing activities	(4,118)	(2,748)
Net increase in cash and cash equivalents	45,660	16,717
Cash and cash equivalents at beginning of the period	103,043	116,547
Currency translation difference	(1,175)	(1,949)
Cash and cash equivalents at end of the period	147,528	131,315

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.



Notes to the Condensed Consolidated Interim Financial Information

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 29 May 2017 as an exempted limited liability company under the Companies Act (Cap. 22 Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business in Hong Kong is Room 9, 6/F., Wah Yiu Industrial Centre, 30–32 Au Pui Wan Street, Fo Tan, Shatin, New Territories, Hong Kong.

The Company is an investment holding company and its major subsidiaries (together, the “Group”) principally engaged in manufacture and trade handbag products. The ultimate holding company of the Company is Wah Sun Holdings, a company incorporated in the British Virgin Islands. The ultimate controlling parties of the Group are all family members within the Ma Family namely Mr. Ma Hing Man, Mr. Ma Hing Ming, Ms. Ma Lan Chu, Mr. Ma Yum Chee and Ms. Ma Lan Heung who have entered into the Acting in Concert Deed.

The Shares are listed on the Main Board of the Stock Exchange.

This financial information is presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK\$'000), unless otherwise stated.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This condensed consolidated interim financial information has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the HKICPA and the applicable disclosures required by the Listing Rules.

It should be read in conjunction with the annual financial statements for the year ended 31 March 2023, prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The accounting policies applied to this condensed consolidated interim financial information are consistent with those of the annual financial statements for the year ended 31 March 2023 as described therein, except for the estimation of income tax and the adoption of new and amended standards as set out below:

(a) New and amended standards adopted by the Group

The following amendments to standards are mandatory for the first time for the financial year beginning on 1 April 2023 and currently relevant to the Group:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of accounting policies
Amendments to HKAS 8	Definition of accounting estimates
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction
Amendments to HKAS 12	International tax reform – Pillar Two Model Rules
HKFRS 17	Insurance contracts
HKFRS 17	Amendments to HKFRS 17
HKFRS 17	Initial application of HKFRS 17 and HKFRS 9 – Comparative information

The adoption of the above amendments to standards did not have any significant impact to the results and financial position of the Group.

Notes to the Condensed Consolidated Interim Financial Information

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(b) Amendments to existing standards and interpretation have been issued but are not effective during the period and have not been early adopted by the Group

The Group has not early adopted the following amendments to existing standards and interpretation that have been issued but are not yet effective for the period:

		Effective for accounting periods beginning on or after
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 April 2024
Amendments to HKAS 1	Non-current liabilities with covenants	1 April 2024
Amendments to HKFRS 16	Lease liability in a sale and leaseback	1 April 2024
Hong Kong Interpretation 5 (Revised)	Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause	1 April 2024
Amendments to HKAS 7 and HKFRS 7	Supplier finance arrangements	1 April 2024
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

None of the above amendments to existing standards and interpretation that are not yet effective are expected to have a material impact on the consolidated financial statements of the Group in the current or future reporting periods and on foreseeable future transactions.

3. ESTIMATES

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the consolidated financial statements for the year ended 31 March 2023.



Notes to the Condensed Consolidated Interim Financial Information

4. FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risk: market risk (including foreign exchange risk, and cash flow and fair value interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2023. There have been no significant changes in the risk management policies since year end.

4.2 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 31 March 2023, by level of inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The carrying values of financial assets and financial liabilities are a reasonable approximation of their fair values. The fair value estimation of the financial assets at fair value through profit or loss is set out in Note 15.

Notes to the Condensed Consolidated Interim Financial Information

5. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Directors. The Directors consider the business from a product perspective which is the manufacturing and trading of handbag products. The Group has only one operating segment qualified as reporting segment under HKFRS 8. The information is regularly reviewed by the Directors for the purposes of allocating resources and assessing performance of the operating segment in the condensed consolidated interim financial information of the Group. No separate segmental analysis is presented in the condensed consolidated interim financial information.

The amounts provided to the Directors with respect to total assets and total liabilities are measured in a manner consistent with that in the condensed consolidated statement of financial position.

Geographical information

The Company is domiciled in Hong Kong.

The analysis of revenue by geographical area is as follows:

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
The US	281,736	194,257
Canada	22,538	14,358
Other countries	30,198	38,975
	334,472	247,590

For the purpose of classification, the geographical source of revenue is determined based on the destination of the goods delivered to customers. Revenues from the individual countries included in other countries are not material.

The non-current assets information below is based on the location of assets and excludes financial asset at fair value through profit or loss and deferred income tax assets.

	As at	As at
	30 September	31 March
	2023	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Cambodia	45,322	45,967
The PRC	13,789	16,716
Hong Kong	10,041	9,861
	69,152	72,544



Notes to the Condensed Consolidated Interim Financial Information

6. REVENUE, OTHER INCOME AND OTHER GAINS, NET

An analysis of revenue, which is recognised at a point in time, is as follows:

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue:		
Sales of goods	334,472	247,590

Revenue of HK\$316,000 (30 September 2022: HK\$308,000) recognised for the six months ended 30 September 2023 relates to carried-forward contract liabilities in the prior year.

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

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Other income:		
Rental income	1,932	–
Sundry income	19	131
	1,951	131
Other gains, net:		
Net exchange gains	2,290	4,759
Fair value change of financial asset at fair value through profit or loss	21	20
Gain on sales of scrap materials	110	230
	2,421	5,009
	4,372	5,140

Notes to the Condensed Consolidated Interim Financial Information

7. FINANCE COSTS, NET

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Finance costs:		
– Interest expense on bills payables	(1,818)	(855)
– Interest expense on lease liabilities	(571)	(583)
	(2,389)	(1,438)
Finance income:		
– Interest income on bank deposits	1,314	123
Finance costs, net	(1,075)	(1,315)

8. PROFIT BEFORE INCOME TAX

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

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Cost of inventories sold	166,014	100,495
Sub-contracting charges	35,671	36,849
Transportation and customs charges	9,193	8,707
Short-term lease payments	144	144
Employee benefit expense (<i>Note</i>)	82,477	82,039
Depreciation on right-of-use assets	1,792	1,471
Depreciation on property, plant and equipment	2,967	3,801
Depreciation on investment property	1,051	–
Legal and profession fees	1,611	1,406
Provision for/(reversal of provision for) impairment of trade receivables	3,139	(2,477)

Note: As at 30 September 2023 and 2022, the Group had no forfeited contribution available to reduce its existing level of contribution to the retirement benefit schemes in future years.



Notes to the Condensed Consolidated Interim Financial Information

9. INCOME TAX EXPENSES

The amount of income tax charged to the condensed consolidated income statement represents:

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Current income tax:		
– Hong Kong profits tax	3,932	1,342
– Overseas taxation	560	9
Deferred income tax	4,492 (238)	1,351 (179)
	4,254	1,172

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profit for the six months ended 30 September 2023, except for the first HK\$2,000,000 of a qualified entity's assessable profit which is calculated at 8.25% (2022: 8.25%), in accordance with the two-tiered tax rate regime. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

10. DIVIDENDS

Dividends attributable to the previous financial year, approved and paid during the period

A special dividend of HK1.0 cent per Share for the year ended 31 March 2023 amounting to an aggregate of approximately HK\$4,086,000 was approved at the annual general meeting of the Company held on 4 September 2023, and was paid on 26 October 2023.

Dividends attributable to the period

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Interim dividend of HK2.0 cents per Share (30 September 2022: HK1.0 cent per Share)	8,173	4,086
Special dividend of HK1.0 cent per Share (30 September 2022: Nil)	4,086	–
	12,259	4,086

On 27 November 2023, the Directors declared an interim dividend of HK2.0 cents per Share (30 September 2022: HK1.0 cent per Share) and a special dividend of HK1.0 cent per Share (30 September 2022: Nil) in respect of the six months ended 30 September 2023 totalling HK\$12,259,000, which will be payable to the Shareholders whose names appear on the Register of Members on 5 January 2024.

Notes to the Condensed Consolidated Interim Financial Information

11. EARNINGS PER SHARE

(a) Basic

The basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective periods.

	Six months ended 30 September	
	2023 (Unaudited)	2022 (Unaudited)
Profit attributable to owners of the Company (HK\$'000)	20,907	7,313
Weighted average number of ordinary shares in issue (in thousands)	408,626	408,626
Basic earnings per share (HK cents)	5.1	1.8

(b) Diluted

Diluted earnings per share is the same as the basic earnings per share as there was no potentially dilutive ordinary share outstanding as at 30 September 2023 and 2022.

12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Rights-of-use assets

	Land under non-cancellable operating leases (Note) HK\$'000	Land use rights HK\$'000	Total HK\$'000
As at 1 April 2022 (Audited)	21,507	175	21,682
Additions	4,357	–	4,357
Depreciation	(3,240)	(44)	(3,284)
Currency translation differences	(61)	–	(61)
As at 31 March 2023 (Audited)	22,563	131	22,694
As at 1 April 2023 (Audited)	22,563	131	22,694
Depreciation (Note 8)	(1,768)	(24)	(1,792)
Currency translation differences	(129)	–	(129)
As at 30 September 2023 (Unaudited)	20,666	107	20,773



Notes to the Condensed Consolidated Interim Financial Information

12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

Lease liabilities (Note)

	HK\$'000
As at 1 April 2022 (Audited)	22,498
Additions	4,357
Interest expense on lease liabilities	1,190
Payment of lease liabilities	(4,156)
Currency translation differences	(62)
As at 31 March 2023 (Audited)	23,827
Represents:	
Current portion	3,408
Non-current portion	20,419
	23,827
As at 1 April 2023 (Audited)	23,827
Interest expense on lease liabilities (Note 7)	571
Payment of lease liabilities	(2,300)
Currency translation differences	(70)
As at 30 September 2023 (Unaudited)	22,028
Represents:	
Current portion	3,415
Non-current portion	18,613
	22,028

Note: As at 30 September 2023, the Group recognised right-of-use assets of HK\$18,281,000 (31 March 2023: HK\$19,357,000) and lease liabilities of HK\$19,565,000 (31 March 2023: HK\$20,558,000) in respect of a lease entered with a related party (Note 22(b)).

Notes to the Condensed Consolidated Interim Financial Information

13. PROPERTY, PLANT AND EQUIPMENT

Net book value:	HK\$'000
As at 1 April 2022 (Audited)	51,190
Additions	7,237
Disposal	(29)
Reclassification to investment property	(6,980)
Depreciation charge	(7,085)
Currency translation differences	(383)
As at 31 March 2023 (Audited)	43,950
Net book value:	HK\$'000
As at 1 April 2023 (Audited)	43,950
Additions	2,871
Depreciation charge (<i>Note 8</i>)	(2,967)
Disposal	(4)
Currency translation differences	(315)
As at 30 September 2023 (Unaudited)	43,535

14. INVESTMENT PROPERTY

	HK\$'000
As at 1 April 2022 (Audited)	–
Reclassification from property, plant and equipment	6,980
Depreciation charge	(1,073)
Currency translation differences	(7)
As at 31 March 2023 (Audited)	5,900
As at 1 April 2023 (Audited)	5,900
Depreciation charge (<i>Note 8</i>)	(1,051)
Currency translation differences	(5)
As at 30 September 2023 (Unaudited)	4,844



Notes to the Condensed Consolidated Interim Financial Information

14. INVESTMENT PROPERTY (CONTINUED)

The Group leased a parcel of land in Dongguan, the PRC where the Group's old factory was located (the "Dongguan Old Factory") and the rental for the entire lease term, which is expiring in December 2025, was fully settled in 1997. Following the establishment of the principal production facilities of the Group in Cambodia and the relocation of production base from the PRC to Cambodia, the operation of the Dongguan Old Factory was scaled down to cover mainly product development, administration and production support to the Cambodian production facility when required. In July 2022, the Group leased another factory within the Dongguan district with reduced scale that is commensurate with existing and the upcoming business development plan of the Group for relocation of the operation of the Dongguan Old Factory, which was completed in August 2022. On the basis that the Dongguan Old Factory will no longer be essential to the Group's future operations, management of the Group is planning to lease out the Dongguan Old Factory to generate rental income until the end of the lease term in 2025.

Accordingly, this industrial property in the PRC has been reclassified as investment property for accounting purposes as at 30 September 2022 and the Group has adopted the cost model under HKAS 40.

15. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Financial asset at fair value through profit or loss – key management insurance contract	1,392	1,371

Valuation process

The finance department of the Group includes a team that performs the valuation of the key management insurance contract required for financial reporting purposes, including level 3 fair value.

The main level 3 input used by the Group is derived from and evaluated as follows:

- Discount rates for the key management insurance contract are determined to reflect current market assessments of the true value of money and the risk specific to the asset.

Notes to the Condensed Consolidated Interim Financial Information

16. INVENTORIES

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Raw materials	29,483	46,235
Work-in-progress	28,205	48,373
Finished goods	27,058	33,977
	84,746	128,585

The cost of inventories recognised as expense and included in “cost of sales” in the condensed consolidated income statement amounted to HK\$166,014,000 for the six months ended 30 September 2023 (for the six months ended 30 September 2022: HK\$100,495,000).

17. TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Trade receivables (<i>Note</i>)	75,032	38,667
Less: provision for impairment of trade receivables	(5,413)	(2,274)
Trade receivables, net	69,619	36,393
Deposits	1,356	1,483
Prepayments	5,076	6,029
Value-added tax recoverable	4,829	4,722
Other receivables	89	3
Accrued revenue	1,102	1,536
	12,452	13,773



Notes to the Condensed Consolidated Interim Financial Information

17. TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

The maximum exposure to credit risk as at 30 September 2023 was the carrying value of each class of receivables mentioned above. The Group did not hold any collateral as security. The carrying amounts of deposits, trade and other receivables excluding prepayments and value-added tax recoverable approximate their fair values.

Note: The credit terms of trade receivables generally range from 30 to 90 days from the invoice date. The ageing analysis of the gross trade receivables based on the invoice date is as follows:

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Within 30 days	45,127	37,771
31 to 60 days	24,770	849
61 to 90 days	4,499	2
Over 90 days	636	45
	75,032	38,667

Movement on the Group's provision for impairment of trade receivables are as follows:

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Beginning of the period/year	2,274	37,366
Provision for/(reversal of provision for) impairment	3,139	(4,319)
Write off	-	(30,773)
End of the period/year	5,413	2,274

Notes to the Condensed Consolidated Interim Financial Information

18. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Cash at bank	146,703	102,730
Cash on hand	825	313
Cash and cash equivalents	147,528	103,043
Pledged bank deposits	24,491	23,980
Cash and bank balances	172,019	127,023
Maximum exposure to credit risk	171,194	126,710

As at 30 September 2023, pledged bank deposits of HK\$24,491,000 (31 March 2023: HK\$23,980,000) were held at bank securing bank facilities and bank borrowings. Cash at bank and pledged bank deposits are deposited with creditworthy banks with no recent history of default.

Certain of the Group's bank balances and deposits denominated in RMB are deposited with banks in the PRC. The conversion of these RMB denominated balances into foreign currencies and the remittance of funds out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by the government of the PRC.

19. SHARE CAPITAL AND SHARE PREMIUM

The Company was incorporated in the Cayman Islands on 29 May 2017.

Authorised share capital:

	Number of shares	Nominal value of ordinary shares HK\$'000
As at 31 March 2023 (Audited) and 30 September 2023 (Unaudited)	5,000,000,000	50,000

Ordinary shares, issued and fully paid:

	Number of shares	Nominal value of ordinary shares HK\$'000	Share premium HK\$'000
As at 31 March 2023 (Audited) and 30 September 2023 (Unaudited)	408,626,000	4,086	109,611



Notes to the Condensed Consolidated Interim Financial Information

20. TRADE AND BILLS PAYABLES, ACCRUALS AND OTHER PAYABLES

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Trade payables	59,837	60,126
Bills payables	35,133	32,977
Trade and bills payables (<i>Note</i>)	94,970	93,103
Accruals and other payables		
– Accrued salaries	14,733	8,917
– Other accruals and payables	10,573	11,142
– Contract liabilities	508	316
	25,814	20,375
	120,784	113,478

The carrying amounts of the Group's trade and bills payables, accruals and other payables approximate their fair values.

Note: The ageing analysis of the trade and bills payables based on invoice date is as follows:

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Within 30 days	35,671	61,224
31 to 60 days	18,511	13,824
61 to 90 days	18,413	5,434
Over 90 days	22,375	12,621
	94,970	93,103

Notes to the Condensed Consolidated Interim Financial Information

21. COMMITMENTS

The Group as a lessee

At 30 September 2023, no future lease payments for leases committed but not yet commenced in relation to leased properties (31 March 2023: Nil).

The Group as a lessor

The Group leases its industrial property in the PRC (Note 14) under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 30 September 2023, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Within one year	4,940	5,166
After one year but within three years	6,106	8,958
	11,046	14,124

22. RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in holding power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

- (a) The Directors are of the view that the following parties/companies were related parties that had transactions or balances with the Group during the period:

Name of the related parties	Relationship with the Group
Ms. Ma Lan Chu	Director and ultimate controlling shareholder of the Company
Ms. Ma Lan Heung	Director and ultimate controlling shareholder of the Company
Ms. Dong Yan	Director of a subsidiary
Ms. Yung Ngan Sim	Spouse of Mr. Ma Yum Chee
Ms. Chan Sim Kuen	Spouse of Mr. Ma Hing Man
Ms. Yu Siu Mui	Non-controlling interests of a subsidiary of the Group



Notes to the Condensed Consolidated Interim Financial Information

22. RELATED PARTY TRANSACTIONS (CONTINUED)

- (b) For the six months ended 30 September 2023 and 2022, the following transactions were carried out with related parties at terms mutually agreed by both parties:

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Rental expenses paid or payable to related parties		
– Ms. Dong Yan (<i>Note</i>)	1,488	1,488
– Ms. Ma Lan Heung and Ms. Chan Sim Kuen	84	84
	1,572	1,572
Emolument payable or paid		
– Ms. Yu Siu Mui	399	399
	1,971	1,971

Note: As at 30 September 2023, the Group recognised right-of-use assets and lease liabilities (*Note* 12) in respect of the lease entered into with this related party.

- (c) Key management includes Directors (executive and non-executive) and the senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Salaries, bonus and other allowances	5,859	6,747
Retirement benefit costs		
– Mandatory Provident Fund Scheme	40	47
	5,899	6,794