



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



2024/25

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. Ho Lai Chuen

BOARD COMMITTEES

Audit Committee

Mr. Wong Wai Keung Frederick (*Chairman*)
Mr. Lam Kwok Cheong
Mr. Ho Lai Chuen

Remuneration Committee

Mr. Lam Kwok Cheong (*Chairman*)
Mr. Wong Wai Keung Frederick
Mr. Ho Lai Chuen
Mr. Ma Hing Man
Mr. Ma Hing Ming

Nomination Committee

Mr. Ho Lai Chuen (*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. Ho Lai Chuen

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. Wong Man Hong

AUTHORISED REPRESENTATIVES

Mr. Ma Hing Ming
Mr. Wong Man Hong

LEGAL ADVISER AS TO HONG KONG LAWS

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

INDEPENDENT AUDITOR

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

Corporate Information

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 2024 (“**1H2024**”), uncertainty regarding the economic outlook has persisted, fueled by slow global economic activity, tight financial conditions, and rising geopolitical tensions, which are expected to contribute to continued volatility this year. While inflation expectations have decreased across all regions, this is likely to lead to increased volatility in the global economy, a rise in localization, and a growing divergence between the Global North and South during this period. Additionally, the Russo-Ukrainian war has triggered a global energy crisis, causing a surge in raw material prices that has squeezed profits 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 United States of America (the “**US**”), which accounted for more than 80% of the Group’s total revenue, may be influenced by the high interest rate and inflation rate level 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 ensure 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 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 1H2024, the revenue of the Group increased by approximately Hong Kong Dollars (“HK\$”) 17.8 million or 5.3% to HK\$352.3 million when compared with that of the six months ended 30 September 2023 (“1H2023”). For 1H2024, profit attributable to owners of the Company increased by approximately HK\$6.1 million to approximately HK\$27.0 million from approximately HK\$20.9 million for 1H2023.

During 1H2024, the Group has completed a connected transaction in relation to the acquisition of the office in Hong Kong (the “Property”) at a consideration of approximately HK\$4,700,000 (the “Acquisition”). The Property was leased to the Group before the Acquisition with a term of one year which expired on 31 March 2024. The tenancy agreement was renewed on 18 March 2024 for a term from 1 April 2024 to 31 March 2025. Details of the Acquisition are set out in the announcements of the Company dated 25 March 2024 and 16 May 2024, respectively. The Management believed that the Acquisition would secure the continual use of the Property by the Group, while at the same time improve the operating cash flow of the Group in the long run by eliminating rental expenses for the continued leasing of the Property and enjoy potential capital appreciation in the future.

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 depending on other factors.

In department stores, consumers can enjoy one-stop shopping for a wide range of clothing and accessories, including watches, jewelry, and handbags. This significantly accelerates the growth of the department store segment. Additionally, the regular discounts and coupons offered by these stores may encourage people to buy consumer goods, thereby supporting the demand for handbag products. Numerous large retailers are associated with clothing and accessories, generating substantial revenue from these items.

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.

Management Discussion and Analysis

With the 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 its 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 HK3.0 cents per ordinary share of the Company (each a "Share" and collectively, the "Shares") (1H2023: HK2.0 cents per Share) and a special dividend of HK1.0 cent per Share for 1H2024 (1H2023: HK1.0 cent per Share).

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\$352.3 million for 1H2024 from approximately HK\$334.5 million for 1H2023, representing an increase of approximately 5.3%.

The Group recorded a slight decrease in revenue from customers in the US of approximately HK\$7.6 million, or 2.7%, during 1H2024, falling from approximately HK\$281.7 million in 1H2023 to approximately HK\$274.1 million in 1H2024. This decline was mainly attributable to a drop in consumer confidence in the US consumer market. However, this decrease was fully offset by contributions from orders placed by our new customers and existing customers from Europe, particularly from the Netherlands, which rose from approximately HK\$2.5 million in 1H2023 to approximately HK\$12.3 million in 1H2024.

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			
	2024 HK\$'000 (Unaudited)	%	2023 HK\$'000 (Unaudited)	%
Cambodia	313,078	89	316,950	95
Dongguan, the PRC	39,208	11	17,522	5
	352,286	100	334,472	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.

Management Discussion and Analysis

The Group's sales to its top five customers accounted for approximately 91.5% of the total revenue for 1H2024, with the Group's sales to its largest customer accounting for approximately 30.7% of the total revenue for 1H2024.

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.

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	
	2024 (Unaudited)	2023 (Unaudited)
Revenue (HK\$'000)	352,286	334,472
Quantities sold (Unit'000)	4,862	4,515
Average selling price (HK\$/Unit)	72.5	74.1

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\$277.2 million for 1H2024 from approximately HK\$272.3 million for 1H2023, representing an increase of approximately 1.8%.

The increase in terms of percentage of the Group's cost of sales was less than that of the revenue increase during 1H2024 as compared to that for 1H2023, which was 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\$75.1 million for 1H2024 from approximately HK\$62.1 million for 1H2023, representing an increase of approximately 20.9%, and the Group's gross profit margin increased to 21.3% for 1H2024 from 18.6% for 1H2023, representing an increase of 2.7%.

Other gains, net

The Group's other gains primarily consist of (i) net exchange gains of approximately HK\$1.7 million for 1H2024 (1H2023: approximately HK\$2.3 million) mainly arising from the depreciation of Renminbi ("RMB") against HK\$ during 1H2024; and (ii) gain on sales of scrap materials of approximately HK\$0.2 million for 1H2024 (1H2023: approximately HK\$0.1 million).

Management Discussion and Analysis

Selling and distribution expenses

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

Selling and distribution expenses increased to approximately HK\$14.1 million for 1H2024 from approximately HK\$13.6 million for 1H2023, representing an increase of approximately 3.2%. 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 2024, 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 of this interim report, a provision for impairment of trade receivables, determined by way of the expected credit loss model, of approximately HK\$5.7 million has been made and charged to the condensed consolidated income statement of the Group as an expense for 1H2024 (1H2023: approximately HK\$3.1 million).

The increase in provision for impairment was mainly due to the increase in trade receivables for 1H2024.

Finance income, net

Net finance income increased by approximately HK\$1.5 million to approximately HK\$0.4 million for 1H2024 (1H2023: net finance costs of approximately HK\$1.1 million).

The increase was mainly due to the increase in the interest income on bank deposits and decrease in interest expense on bills payables for 1H2024.

Income tax expenses

The Group's income tax expenses increased by approximately HK\$0.9 million or 22.0% from HK\$4.3 million for 1H2023 to approximately HK\$5.2 million for 1H2024.

The increase was mainly due to the increase in assessable profit for 1H2024.

Profit for the period

As a result of the foregoing, profit for the period attributable to owners of the Company increased by approximately HK\$6.1 million or 29.0% to approximately HK\$27.0 million for 1H2024 from approximately HK\$20.9 million for 1H2023 and the net profit margin increased from 6.1% for 1H2023 to 8.1% for 1H2024.

Management Discussion and Analysis

FINANCIAL POSITION, LIQUIDITY AND FINANCIAL RESOURCES

Borrowings and pledge of assets

As at 30 September 2024, the Group had no borrowings (31 March 2024: Nil).

Banking facilities were secured by bank deposits of approximately HK\$25.6 million as at 30 September 2024 (31 March 2024: approximately HK\$25.1 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 2024, the Group had cash and cash equivalents of approximately HK\$154.5 million (31 March 2024: approximately HK\$141.1 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 2024 (Unaudited)	31 March 2024 (Audited)
Current ratio	2.6	3.1
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 2024.

Employee and remuneration policy

As at 30 September 2024, the Group employed a total of 4,483 employees (31 March 2024: 4,273 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 1H2024, staff costs (including Directors' emoluments) amounted to approximately HK\$86.7 million (1H2023: approximately HK\$82.5 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 crucial factors contributed to the success 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 1H2024.

Future plans for material investments or capital assets

The Group did not have future plans for material investments and capital assets as at 30 September 2024.

Capital commitments

As at 30 September 2024, the Group had no capital commitments (31 March 2024: Nil) in respect of acquisition of property, plant and equipment.

Contingent liabilities

As at 30 September 2024, the Group did not have any significant contingent liabilities (31 March 2024: Nil).

Management Discussion and Analysis

Events after 1H2024

No material events which could have material impact to the Group's operating and financial performance have occurred after 1H2024 and up to the date of this interim report.

Dividends

The Board has resolved to declare an interim dividend of HK3.0 cents per Share (1H2023: HK2.0 cents per Share) and a special dividend of HK1.0 cent per Share (1H2023: HK1.0 cent per Share) in respect of 1H2024, amounting to approximately HK\$16,345,000 (the "**Dividends**") payable to the Shareholders whose names appear on the register of members of the Company (the "**Register of Members**") on Monday, 6 January 2025. The Dividends will be distributed to such Shareholders on or about Friday, 17 January 2025.

Closure of Register of Members

The Register of Members will be closed from Thursday, 2 January 2025 to Monday, 6 January 2025, 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, 31 December 2024.

Corporate Governance and Other Information

CORPORATE GOVERNANCE

During 1H2024, 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 C1 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 2024, 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 C3 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/Corporate and other interest	301,138,000	73.70%
Mr. Ma Hing Ming	Interest in a controlled corporation and interest held jointly with other persons/Corporate and other interest	301,138,000	73.70%
Ms. Ma Lan Chu	Interest in a controlled corporation and interest held jointly with other persons/Corporate and other interest	301,138,000	73.70%
Mr. Ma Yum Chee	Interest in a controlled corporation and interest held jointly with other persons/Corporate and other interest	301,138,000	73.70%
Ms. Ma Lan Heung	Interest in a controlled corporation and interest held jointly with other persons/Corporate and other interest	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 2024.

(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/Personal and other interest	5	100%
Mr. Ma Hing Ming	Wah Sun Holdings	Beneficial owner and interest held jointly with other persons/Personal and other interest	5	100%
Ms. Ma Lan Chu	Wah Sun Holdings	Beneficial owner and interest held jointly with other persons/Personal and other interest	5	100%
Mr. Ma Yum Chee	Wah Sun Holdings	Beneficial owner and interest held jointly with other persons/Personal and other interest	5	100%
Ms. Ma Lan Heung	Wah Sun Holdings	Beneficial owner and interest held jointly with other persons/Personal and other interest	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 2024, 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 2024, 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/ Personal interest	301,138,000	73.70%
Ms. Chan Sim Kuen (Note 3)	Interest of a spouse/ Family interest	301,138,000	73.70%
Ms. Wu Yu Ling (Note 4)	Interest of a spouse/ Family interest	301,138,000	73.70%
Ms. Yung Ngan Sim (Note 5)	Interest of a spouse/ Family interest	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 2024.

Save as disclosed above, as at 30 September 2024, 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, vested or cancelled during 1H2024.

As at 1 April 2024 and 30 September 2024, 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 1H2024 divided by the weighted average number of Shares in issue for 1H2024 was Nil.

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

During 1H2024, the Company did not redeem any of its listed securities, nor did the Company or any of its subsidiaries purchase or sell such securities (including treasury shares (as defined in the Listing Rules)). As at 30 September 2024, the Company did not hold any treasury shares.

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 1H2024. 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 1H2024.

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 1H2024 (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, 25 November 2024

Report on Review of Interim Financial Information



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

羅兵咸永道

INTRODUCTION

We have reviewed the interim financial information set out on pages 18 to 40, which comprises the 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 2024 and the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six months 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, 25 November 2024

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	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue	5 & 6	352,286	334,472
Cost of sales		(277,169)	(272,326)
Gross profit		75,117	62,146
Other income	6	2,031	1,951
Other gains, net	6	1,931	2,421
Selling and distribution expenses		(14,085)	(13,646)
Administrative expenses		(25,977)	(23,994)
Provision for impairment of trade receivables		(5,716)	(3,139)
Operating profit		33,301	25,739
Finance income		1,987	1,314
Finance costs		(1,585)	(2,389)
Finance income/(costs), net	7	402	(1,075)
Profit before income tax	8	33,703	24,664
Income tax expenses	9	(5,192)	(4,254)
Profit for the period		28,511	20,410
Profit attributable to:			
Owners of the Company		26,980	20,907
Non-controlling interests		1,531	(497)
		28,511	20,410
		HK cents	HK cents
Basic and diluted earnings per share for profit attributable to owners of the Company	11	6.6	5.1

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	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Profit for the period	28,511	20,410
Other comprehensive income/(expense)		
<i>Item that may be reclassified subsequently to profit or loss</i>		
– Currency translation differences	67	(27)
Total comprehensive income for the period	28,578	20,383
Attributable to:		
Owners of the Company	27,047	20,880
Non-controlling interests	1,531	(497)
	28,578	20,383

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

Condensed Consolidated Statement of Financial Position

	Notes	As at 30 September 2024 HK\$'000 (Unaudited)	As at 31 March 2024 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Right-of-use assets	12	19,480	20,160
Property, plant and equipment	13	44,001	40,722
Investment property	14	2,680	3,752
Financial asset at fair value through profit or loss	15	1,434	1,413
Deferred income tax assets		3,418	3,331
		71,013	69,378
Current assets			
Inventories	16	61,636	67,863
Trade receivables	17	95,399	50,073
Prepayments, deposits and other receivables	17	15,798	17,856
Pledged bank deposits	18	25,562	25,057
Cash and cash equivalents	18	154,524	141,081
		352,919	301,930
Total assets		423,932	371,308

Condensed Consolidated Statement of Financial Position

	Notes	As at 30 September 2024 HK\$'000 (Unaudited)	As at 31 March 2024 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		2,602	2,535
Capital reserve		21,656	21,656
Retained earnings		136,162	121,441
		274,117	259,329
<hr style="border-top: 1px dashed black;"/>			
Non-controlling interests		(2,411)	(3,942)
		271,706	255,387
<hr style="border-top: 1px dashed black;"/>			
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		409	–
Lease liabilities	12	16,880	17,662
		17,289	17,662
<hr style="border-top: 1px dashed black;"/>			
Current liabilities			
Trade and bills payables	20	84,229	68,159
Accruals and other payables	20	26,088	22,273
Current income tax liabilities		8,322	3,945
Lease liabilities	12	4,039	3,882
Dividend payable	10	12,259	–
		134,937	98,259
<hr style="border-top: 1px dashed black;"/>			
Total liabilities		152,226	115,921
<hr style="border-top: 1px dashed black;"/>			
Total equity and liabilities		423,932	371,308

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					Total	Non-controlling interests	Total equity
	Share capital	Share premium	Exchange reserve	Capital reserve	Retained earnings			
	HK\$'000 (Note 19)	HK\$'000 (Note 19)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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 expense								
Currency translation difference	-	-	(27)	-	-	(27)	-	(27)
Total comprehensive (expense)/income	-	-	(27)	-	20,907	20,880	(497)	20,383
2022/23 dividend	-	-	-	-	(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
As at 31 March 2024 (Audited)	4,086	109,611	2,535	21,656	121,441	259,329	(3,942)	255,387
Comprehensive income								
Profit for the period	-	-	-	-	26,980	26,980	1,531	28,511
Other comprehensive income								
Currency translation difference	-	-	67	-	-	67	-	67
Total comprehensive income	-	-	67	-	26,980	27,047	1,531	28,578
2023/24 dividend (Note 10)	-	-	-	-	(12,259)	(12,259)	-	(12,259)
As at 30 September 2024 (Unaudited)	4,086	109,611	2,602	21,656	136,162	274,117	(2,411)	271,706

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	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Cash flows from operating activities		
Net cash generated from operations	21,359	52,298
Income tax paid	(486)	(452)
Net cash generated from operating activities	20,873	51,846
Cash flows from investing activities		
Purchases of property, plant and equipment	(5,989)	(2,871)
Increase in pledged bank deposits	(505)	(511)
Interest received	1,987	1,314
Net cash used in investing activities	(4,507)	(2,068)
Cash flows from financing activities		
Payment of lease liabilities	(2,553)	(2,300)
Interest paid	(1,038)	(1,818)
Net cash used in financing activities	(3,591)	(4,118)
Net increase in cash and cash equivalents	12,775	45,660
Cash and cash equivalents at beginning of the period	141,081	103,043
Currency translation difference	668	(1,175)
Cash and cash equivalents at end of the period	154,524	147,528

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”) are principally engaged in manufacturing and trading of 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 2024, 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 2024 as described therein, except for the estimation of income tax and the adoption of amended standards and interpretation as set out below:

(a) Amended standards and interpretation adopted by the Group

The following amended standards and interpretation are mandatory for the first time for the financial year beginning on 1 April 2024 and currently relevant to the Group:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HK Int 5 (Revised)	Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The adoption of the above amended standards and interpretation 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) New and amended standards and interpretations 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 new and amended standards and interpretations that have been issued but are not yet effective for the period:

		Effective for accounting periods beginning on or after
Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability	1 April 2025
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 April 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 April 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 April 2027
Amendments to HK Int 5	Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 April 2027
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 new and amended standards and interpretations 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 2024.

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 2024. 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 2024, 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	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
The US	274,151	281,736
Canada	28,497	22,538
Netherlands	12,317	2,540
Other countries	37,321	27,658
	352,286	334,472

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
	2024	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Cambodia	40,745	42,975
The PRC	9,334	10,825
Hong Kong	16,082	10,834
	66,161	64,634

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	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue:		
Sales of goods	352,286	334,472

Revenue of HK\$447,000 (30 September 2023: HK\$316,000) recognised for the six months ended 30 September 2024 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	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Other income:		
Rental income	2,025	1,932
Sundry income	6	19
	2,031	1,951
Other gains, net:		
Net exchange gains	1,708	2,290
Fair value change of financial asset at fair value through profit or loss	21	21
Gain on sales of scrap materials	202	110
	1,931	2,421
	3,962	4,372

Notes to the Condensed Consolidated Interim Financial Information

7. FINANCE INCOME/(COSTS), NET

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Finance costs:		
– Interest expense on bills payables	(1,038)	(1,818)
– Interest expense on lease liabilities	(547)	(571)
	(1,585)	(2,389)
Finance income:		
– Interest income on bank deposits	1,987	1,314
Finance income/(costs), net	402	(1,075)

8. PROFIT BEFORE INCOME TAX

The Group's profit before income tax is arrived at after charging:

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Cost of inventories sold	164,666	166,014
Sub-contracting charges	37,287	35,671
Transportation and customs charges	8,756	9,193
Short-term lease payments	14	144
Employee benefit expense (<i>Note</i>)	86,737	82,477
Depreciation on right-of-use assets	2,060	1,792
Depreciation on property, plant and equipment	2,752	2,967
Depreciation on investment property	1,072	1,051
Legal and profession fees	1,123	1,611
Provision for impairment of trade receivables	5,716	3,139

Note: As at 30 September 2024 and 2023, 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	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Current income tax:		
– Hong Kong profits tax	2,200	3,932
– Overseas taxation	2,659	560
Deferred income tax	4,859	4,492
	333	(238)
	5,192	4,254

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profit for the six months ended 30 September 2024, except for the first HK\$2,000,000 of a qualified entity's assessable profit which is calculated at 8.25% (2023: 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 final dividend of HK2.0 cents and a special dividend of HK1.0 cent per Share for the year ended 31 March 2024 amounting to an aggregate of approximately HK\$12,259,000 was approved at the annual general meeting of the Company held on 2 September 2024, and was paid on 31 October 2024.

Dividends attributable to the period

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Interim dividend of HK3.0 cents per Share (30 September 2023: HK2.0 cents per Share)	12,259	8,173
Special dividend of HK1.0 cent per Share (30 September 2023: HK1.0 cent per Share)	4,086	4,086
	16,345	12,259

On 25 November 2024, the Directors declared an interim dividend of HK3.0 cents per Share (30 September 2023: HK2.0 cents per Share) and a special dividend of HK1.0 cent per Share (30 September 2023: HK1.0 cent per Share) in respect of the six months ended 30 September 2024 totalling HK\$16,345,000, which will be payable to the Shareholders whose names appear on the Register of Members on 6 January 2025.

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	
	2024 (Unaudited)	2023 (Unaudited)
Profit attributable to owners of the Company (HK\$'000)	26,980	20,907
Weighted average number of ordinary shares in issue (in thousands)	408,626	408,626
Basic earnings per share (HK cents)	6.6	5.1

(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 2024 and 2023.

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 2023 (Audited)	22,563	131	22,694
Additions	1,223	–	1,223
Depreciation	(3,596)	(47)	(3,643)
Currency translation differences	(114)	–	(114)
As at 31 March 2024 (Audited)	20,076	84	20,160
As at 1 April 2024 (Audited)	20,076	84	20,160
Additions	1,352	–	1,352
Depreciation (Note 8)	(2,036)	(24)	(2,060)
Currency translation differences	28	–	28
As at 30 September 2024 (Unaudited)	19,420	60	19,480

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 2023 (Audited)	23,827
Additions	1,223
Interest expense on lease liabilities	1,119
Payment of lease liabilities	(4,509)
Currency translation differences	(116)
As at 31 March 2024 (Audited)	21,544
Represents:	
Current portion	3,882
Non-current portion	17,662
	21,544
As at 1 April 2024 (Audited)	21,544
Additions	1,352
Interest expense on lease liabilities (Note 7)	547
Payment of lease liabilities	(2,553)
Currency translation differences	29
As at 30 September 2024 (Unaudited)	20,919
Represents:	
Current portion	4,039
Non-current portion	16,880
	20,919

Note: As at 30 September 2024, the Group recognised right-of-use assets of HK\$16,130,000 (31 March 2024: HK\$17,206,000) and lease liabilities of HK\$17,529,000 (31 March 2024: HK\$18,555,000) 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 2023 (Audited)	43,950
Additions	2,891
Disposal	(4)
Depreciation charge	(5,846)
Currency translation differences	(269)
As at 31 March 2024 (Audited)	40,722
Net book value:	HK\$'000
As at 1 April 2024 (Audited)	40,722
Additions	5,989
Depreciation charge (Note 8)	(2,752)
Currency translation differences	42
As at 30 September 2024 (Unaudited)	44,001

14. INVESTMENT PROPERTY

	HK\$'000
As at 1 April 2023 (Audited)	5,900
Depreciation charge	(2,144)
Currency translation differences	(4)
As at 31 March 2024 (Audited)	3,752
As at 1 April 2024 (Audited)	3,752
Depreciation charge (Note 8)	(1,072)
As at 30 September 2024 (Unaudited)	2,680

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 after the end of the lease term in 2025.

The Group has adopted the cost model under HKAS 40.

15. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 September 2024 HK\$'000 (Unaudited)	As at 31 March 2024 HK\$'000 (Audited)
Financial asset at fair value through profit or loss – key management insurance contract	1,434	1,413

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 2024 HK\$'000 (Unaudited)	As at 31 March 2024 HK\$'000 (Audited)
Raw materials	18,140	20,382
Work-in-progress	19,327	24,840
Finished goods	24,169	22,641
	61,636	67,863

The cost of inventories recognised as expense and included in “cost of sales” in the condensed consolidated income statement amounted to HK\$164,666,000 for the six months ended 30 September 2024 (for the six months ended 30 September 2023: HK\$166,014,000).

17. TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 September 2024 HK\$'000 (Unaudited)	As at 31 March 2024 HK\$'000 (Audited)
Trade receivables (<i>Note</i>)	106,058	55,016
Less: provision for impairment of trade receivables	(10,659)	(4,943)
Trade receivables, net	95,399	50,073
Deposits	1,794	1,603
Prepayments	6,007	9,590
Value-added tax recoverable	7,369	5,800
Accrued revenue	623	863
Other receivables	5	–
	15,798	17,856

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 2024 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 2024 HK\$'000 (Unaudited)	As at 31 March 2024 HK\$'000 (Audited)
Within 30 days	52,377	41,334
31 to 60 days	36,885	7,034
61 to 90 days	12,015	4,771
Over 90 days	4,781	1,877
	106,058	55,016

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

	As at 30 September 2024 HK\$'000 (Unaudited)	As at 31 March 2024 HK\$'000 (Audited)
Beginning of the period/year	4,943	2,274
Provision for impairment	5,716	2,669
End of the period/year	10,659	4,943

Notes to the Condensed Consolidated Interim Financial Information

18. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	As at 30 September 2024 HK\$'000 (Unaudited)	As at 31 March 2024 HK\$'000 (Audited)
Cash at bank	153,819	139,599
Cash on hand	705	1,482
Cash and cash equivalents	154,524	141,081
Pledged bank deposits	25,562	25,057
Cash and bank balances	180,086	166,138
Maximum exposure to credit risk	179,381	164,656

As at 30 September 2024, pledged bank deposits of HK\$25,562,000 (31 March 2024: HK\$25,057,000) were held at bank securing against 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 are 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 2024 (Audited) and 30 September 2024 (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 2024 (Audited) and 30 September 2024 (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 2024 HK\$'000 (Unaudited)	As at 31 March 2024 HK\$'000 (Audited)
Trade payables	78,283	55,565
Bills payables	5,946	12,594
Trade and bills payables (<i>Note</i>)	84,229	68,159
Accruals and other payables		
– Accrued salaries	10,015	9,690
– Other accruals and payables	15,623	12,136
– Contract liabilities	450	447
	26,088	22,273
	110,317	90,432

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 2024 HK\$'000 (Unaudited)	As at 31 March 2024 HK\$'000 (Audited)
Within 30 days	51,216	39,822
31 to 60 days	13,404	10,942
61 to 90 days	5,974	9,881
Over 90 days	13,635	7,514
	84,229	68,159

Notes to the Condensed Consolidated Interim Financial Information

21. COMMITMENTS

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.

As at 30 September 2024, 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 2024 HK\$'000 (Unaudited)	As at 31 March 2024 HK\$'000 (Audited)
Within one year	5,028	4,972
After one year but within three years	1,187	3,660
	6,215	8,632

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 2024 and 2023, the following transactions were carried out with related parties at terms mutually agreed by both parties:

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 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	14	84
	1,502	1,572
Emolument payable or paid		
– Ms. Yu Siu Mui	1,320	399
	2,822	1,971

Note: As at 30 September 2024, 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	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Salaries, bonus and other allowances	5,743	5,859
Retirement benefit costs		
– Mandatory Provident Fund Scheme	31	40
	5,774	5,899