



**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**



2021/22  
Interim Report



# Contents

Corporate Information	2
Management Discussion and Analysis	4
Corporate Governance and Other Information	14
Report on Review of Condensed Consolidated Financial Statements	19
Condensed Consolidated Income Statement	20
Condensed Consolidated Statement of Comprehensive Income	21
Condensed Consolidated Statement of Financial Position	22
Condensed Consolidated Statement of Changes in Equity	24
Condensed Consolidated Statement of Cash Flows	25
Notes to the Condensed Consolidated Interim Financial Information	26

# 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

## AUTHORISED REPRESENTATIVES

Mr. Ma Hing Ming  
Mr. Yeung Lee Fai

## LEGAL ADVISER AS TO HONG KONG LAWS

Howse Williams  
27/F., Alexandra House  
18 Charter 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 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  
11<sup>th</sup> Floor, The Center  
99 Queen's Road Central  
Hong Kong

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

Dah Sing Bank Limited  
36<sup>th</sup> Floor, Everbright Centre  
108 Gloucester Road  
Hong Kong

## COMPANY'S WEBSITE

[www.wahsun.com.hk](http://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. The Group principally manufactures and trades handbag products.

It has been almost two years since the outbreak of the novel coronavirus disease 2019 (the “**COVID-19**”) which paralyzed the daily lives of consumers around the world. In terms of penetration, duration and infectiousness, the COVID-19 has been the most threatening pandemic in human history. A series of containment measures have been carried out by nearly all countries in the world, including social distancing policies, restrictions of gatherings, travel restrictions and lockdowns. As a result, economic activities came to nearly a standstill in both developed and developing economies and unemployment rate soared. In order to minimize the economic downturn associated with COVID-19, quantitative easing measures were aggressively implemented by all major economies. Even several countries are showing signs of recovery recently, others are still suffering from the impact of COVID-19 and the economic growth was static. With the increasing public awareness of infection prevention and control and vaccination programs being rolled out in different regions, the global economy is gradually recovering especially the consumer markets of North America and the European Union (the “**EU**”) which are the largest markets of our products.

Since the COVID-19, the Group has acted responsibly and undertook the necessary precautionary and prevention measures across its production facilities in the fight against COVID-19. However, in the week of 10 May 2021, some of the employees at the principal production facilities of the Group in the Kingdom of Cambodia (“**Cambodia**”) and the “**Cambodian Production Facility**”, respectively) had been diagnosed as infected with COVID-19 and there were a total of 21 confirmed cases up to and including 14 May 2021. In response to the COVID-19 cases in the Cambodian Production Facility as reported by the Cambodian Ministry of Health and following discussions with the relevant department of the Cambodian government, the Group responsibly and swiftly suspended the operations of the Cambodian Production Facility for a period of 14 days from 15 to 28 May 2021 (the “**Temporary Suspension**”) to conduct a detailed review of the current precautionary and preventive measures in place with a view to strengthening such measures as deemed appropriate while performing thorough deep-cleaning at the Cambodian Production Facility to further protect all of its employees. As agreed with the relevant department of the Cambodian government, the Cambodian Production Facility reopened on 31 May 2021. As of the date of this report, most of our employees in Cambodia had received their vaccination.

On the other hand, the downside risk is increased because the trade dispute between the People’s Republic of China (the “**PRC**”, for the purpose of this interim report only, excluding The Hong Kong Special Administrative Region (“**Hong Kong**”), The Macau Special Administrative Region and Taiwan) and the United States of America (the “**US**”) which has persisted with occasional confrontations flaring up.

## Management Discussion and Analysis

The generalised system of preferences program of the US (the “**US GSP**”) for three years covering the period from 1 January 2018 to 31 December 2020 which allowed all eligible goods to the US from all beneficiary countries and territories under the program, including Cambodia, are exempted from import tariffs. The US GSP program expired on 31 December 2020 accordingly and has yet to be re-authorized by the US Congress as at the date of this 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 the relatively low labour costs of Cambodia and a rather stable general political situation when compared with some of the other Southeast Asian countries.

Despite the drastic changes in the markets, the Management prudently and calmly confronted those challenges by swiftly modifying the operation strategies of the Group. Such strategies have been fruits as we saw, the revenue of the Group increased by approximately HK\$136.5 million or 75.9% to HK\$316.4 million for the six months ended 30 September 2021 (the “**1H2021**”) when compared with that of the six months ended 30 September 2020 (the “**1H2020**”).

For 1H2021, profit for the period attributable to owners of the Company increased by approximately HK\$17.2 million to approximately HK\$17.8 million from approximately HK\$0.6 million for 1H2020 which was mainly attributable to (i) the recovery of the consumer markets of North America and the EU; and (ii) the implementation of certain stringent cost control measures and restructuring initiatives which successfully reduced the base production operating costs of the Group, which were partially alleviated by the increase in selling and distribution expenses, administrative expenses, provision for impairment of trade receivables and income tax expenses.

In respect of industry development, since the COVID-19, consumers in the North America and the EU are increasingly becoming brand conscious about their consumption choices, especially those reflect their style and personality. Hence, the handbags segment in the regions of the North America and the EU has witnessed an evolution in the recent past. The fashion accessories segment has gone from being a mere necessity purchase to gaining a foothold in the lifestyle shopping category. The growth of e-commerce, with the facilities of online shopping, is also expected to contribute significantly to the growth of the retail market in the coming few years.

Besides, the increasing social media influence on consumers from Instagram and Twitter is responsible for the inclination of potential consumers towards the market. Since the majority of the global young adult population is engaged in these social media platforms, handbag companies are targeting their product ranges at this age group.

Looking ahead, as the world economy is expected to strengthen over the coming years, increasing levels of disposable income, shrinking global unemployment and improving consumer sentiment levels are likely to result in rising consumer spending, causing downstream retailers to demand more goods from industry manufacturers. At the same time, the advent of fast fashion, which brings designs from the runway to stores in a matter of weeks, will likely cause individual operators’ response times to become increasingly crucial to their success, and operators that cannot meet demand for new trends will likely be at a competitive disadvantage.

# Management Discussion and Analysis

The development and effect of COVID-19 continues to be uncertain, but mass vaccination program for majority of communities, together with precautionary measures taken by governments, would gradually improve business outlook. Major economies in the world have shown recovery and should further improve the overall sentiment. The Management remains confident of its capability to navigate around any challenges ahead. As there is still no definite end to the COVID-19, the Management will continue to take prudent and responsible measures to preserve a healthy financial position to sustain the Group's operations. The Group will also pay additional attention to the development of and the opportunities in the market, new revenue streams and balanced growth to bring sustainable returns to its shareholders (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 inaugural interim dividend of HK1.5 cent per ordinary share of the Company (each a "Share" and collectively, the "Shares") (1H2020: Nil) and a special dividend of HK0.5 cent per Share (1H2020: Nil) for 1H2021.

## 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\$316.4 million for 1H2021 from approximately HK\$179.9 million for 1H2020, representing an increase of approximately 75.9%.

The Group recorded an increase of revenue from customers in the US by approximately HK\$120.6 million during 1H2021 from approximately HK\$134.0 million for 1H2020 to approximately HK\$254.6 million for 1H2021. This was mainly due to (a) the continuing market recovery in North America, the largest market of our products, as the COVID-19 continued to improve which saw the spending patterns of consumers to strengthen and the market regaining its potential as the economies of the developing nations continued to improve; and (b) the temporary closure of the Cambodian Production Facility from end of March 2020 to early May 2020 due to COVID-19 in 1H2020 while during 1H2021, temporary closure only covered a shorter period from 15 May to 28 May 2021.

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) were set out below:

	Six months ended 30 September			
	2021 HK\$'000 (Unaudited)	%	2020 HK\$'000 (Unaudited)	%
Cambodia	285,950	90	168,365	94
Dongguan, the PRC	30,493	10	11,537	6
	<b>316,443</b>	<b>100</b>	179,902	100

# Management Discussion and Analysis

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 of new customers. For 1H2021, the Group started to act as one of the suppliers for an international band with revenue of approximately HK\$0.8 million.

The Group's sales to its top five customers accounted for approximately 90% of the total revenue for 1H2021, with the Group's sales to its largest customer accounting for approximately 26% of the total revenue for 1H2021.

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	
	2021 (Unaudited)	2020 (Unaudited)
Revenue (HK\$'000)	316,443	179,902
Quantities sold (Unit'000)	4,505	3,109
Average selling price (HK\$/Unit)	70.2	57.9

The increase in average unit selling price was mainly due to the change in way of different 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\$254.1 million for 1H2021 from approximately HK\$155.3 million for 1H2020, representing an increase of approximately 63.6%.

The increase in terms of percentage of the Group's cost of sales was less than that of the revenue increased during 1H2021 as compared to that for 1H2020. This was mainly due to the 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\$62.3 million for 1H2021 from approximately HK\$24.6 million for 1H2020, representing an increase of approximately 153.6%, and the Group's gross profit margin increased to 19.7% for 1H2021 from 13.7% for 1H2020, representing an increase of 6.0%.



# Management Discussion and Analysis

## Other losses, net

The Group's other losses primarily consist of (i) net exchange losses of HK\$1.1 million for 1H2021 (1H2020: net exchange losses of HK\$1.3 million) mainly arising from the appreciation of Renminbi ("**RMB**") against Hong Kong dollars ("**HK\$**") during 1H2021; and (ii) gain on sales of scrap materials of HK\$0.3 million for 1H2021 (1H2020: 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.

Selling and distribution expenses increased to approximately HK\$14.1 million for 1H2021 from approximately HK\$10.3 million for 1H2020, representing an increase of approximately 37.2%. The increase was primarily due to the increase in transportation and customs charges, 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.

Administrative expenses increased to approximately HK\$20.3 million for 1H2021 from approximately HK\$13.3 million for 1H2020, representing an increase of approximately 52.8%. Such increase was mainly due to various temporary cost control measures, including but not limited to adjusting directors' emolument and staff salaries to reflect the latest market conditions, implemented during 1H2020 which were not repeated in the 1H2021 as business of the Group continued to improve.

## (Provision for)/reversal of impairment of trade receivables

As at 30 September 2021, 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 of directors of the Company (the "**Directors**" and the "**Board**", respectively) as at the date hereof, the provision for impairment of trade receivables, determined by way of the expected credit loss model, of approximately HK\$4.4 million has been made and charged to the condensed consolidated income statement of the Group as an expense for 1H2021.

## Finance costs, net

Net finance costs increased by approximately HK\$0.04 million from approximately HK\$0.99 million for 1H2020 to approximately HK\$1.03 million for 1H2021.

The increase was mainly due to the decrease in the finance income for 1H2021.

# Management Discussion and Analysis

## Income tax expenses

The Group's income tax expenses increased by approximately HK\$3.1 million from HK\$1.2 million for 1H2020 to approximately HK\$4.3 million for 1H2021.

The increase was mainly due to the increase in assessable profit for 1H2021.

## Profit for the period

As a result of the foregoing, profit for the period attributable to owners of the Company increased by approximately HK\$17.2 million to approximately HK\$17.8 million for 1H2021 from approximately HK\$0.6 million for 1H2020 and the net profit margin increased from 0.3% for 1H2020 to 5.6% for 1H2021.

## FINANCIAL POSITION, LIQUIDITY AND FINANCIAL RESOURCES

### Borrowings and pledge of assets

As at 30 September 2021, the Group had no borrowings (31 March 2021: Nil).

Banking facilities were secured by bank deposits of approximately HK\$23.6 million (31 March 2021: approximately HK\$23.6 million) as at 30 September 2021.

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 has committed to maintaining a sound financial policy. The Group continues to improve its operational efficiency in order to improve the healthiness of the 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 2021, the Group had cash and cash equivalents of approximately HK\$91.5 million (31 March 2021: approximately HK\$110.7 million). The Group's current ratio, gearing ratio and net debt to equity ratio are as follows:

	<b>30 September 2021 (Unaudited)</b>	31 March 2021 (Audited)
Current ratio	<b>2.1</b>	2.6
Gearing ratio	<b>Net cash</b>	Net cash
Net debt to equity ratio	<b>Net cash</b>	Net cash

# Management Discussion and Analysis

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

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

Net debt to equity ratios are 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 ratios, reflecting its healthy financial position.

## Financial management, treasury policy and foreign currency exposure

The Group's financial management, treasury policy and foreign currency exposure had not been materially changed since the information disclosed in our annual report for the year ended 31 March 2021.

## Employee and remuneration policy

As at 30 September 2021, the Group employed a total of 4,737 employees (31 March 2021: 3,826 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 1H2021, the staff costs (including Directors' emoluments) amounted to approximately HK\$75.8 million (1H2020: approximately HK\$40.4 million).

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 1H2021 and there were no outstanding share options as at 30 September 2021.

## Development and training

Staff's continuous development is one of the crucial success of the Group. The Group provides on-board trainings and orientation for the new coming staff. Also, the Group encourages the employees to attend external applicable training courses or seminars during office hours, which are 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 1H2021.

# Management Discussion and Analysis

## 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 2021.

## Capital commitments

As at 30 September 2021, the Group had no capital commitments (31 March 2021: Nil) in respect of acquisition of property, plant and equipment.

## Contingent liabilities

As at 30 September 2021, the Group did not have any significant contingent liabilities (31 March 2021: Nil).

## Event after 1H2021

No material events have occurred after 1H2021 and up to the date of this report.

## Interim dividend

The Board has resolved to declare an interim dividend of HK1.5 cent per Share (1H2020: Nil) and a special dividend of HK0.5 cent per Share (1H2020: Nil) in respect of 1H2021, amounting to an aggregate of approximately HK\$8,172,000, (the “**Interim Dividend And Special Dividend**”) payable to the Shareholders whose names will appear on the register of members of the Company (the “**Register of Members**”) on Tuesday, 11 January 2022. The Interim Dividend And Special Dividend will be distributed to the Shareholders on or about Friday, 21 January 2022.

## Closing of Register of Members

The Register of Members will be closed from Thursday, 6 January 2022 to Tuesday, 11 January 2022, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the Interim Dividend And Special Dividend, 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 not later than 4:30 p.m. on Wednesday, 5 January 2022.

# Management Discussion and Analysis

## USE OF NET PROCEEDS FROM THE LISTING

On 22 January 2018, the Shares in issue were initially listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**” and the “**Listing**”, respectively). A total of 108,626,000 Shares were issued to the public at HK\$1.18 per Share for a total gross proceeds of approximately HK\$128.2 million (the “**IPO**”). The total net proceeds raised from the IPO (the “**Net Proceeds**”) were approximately HK\$85.3 million after the deduction of related Listing expenses.

Up to the date of this report, the Net Proceeds which have remained unutilised amounted to approximately HK\$12.3 million.

Set out below are details of the revised allocation of the Net Proceeds (the “**Revised Allocation of the Net Proceeds**”) as well as the utilised and unutilised amounts of the Net Proceeds as at the date of this report:

		<b>Revised Allocation of the Net Proceeds</b> HK\$ million	<b>Utilised amount (as at the date of this report)</b> HK\$ million	<b>Unutilised amount (as at the date of this report)</b> HK\$ million	<b>Expected timeline of full utilisation of the Net Proceeds</b>
<b>Expansion of our production facilities in Cambodia</b>	30.0%	25.6	25.6	–	–
Leasing land and construction of production plant	20.2%	17.2	17.2	–	–
Fitting out works	2.6%	2.2	2.2	–	–
Purchasing production equipment	7.2%	6.2	6.2	–	–
<b>Establishing a product development team in Cambodia</b>	15.0%	12.8	8.2	4.6	Q3 2022
<b>Upgrading existing software and hardware</b>	10.0%	8.5	5.0	3.5	Q4 2022
<b>Refurbishment of the existing facilities</b>	10.0%	8.5	5.9	2.6	Q3 2022
<b>Installing showrooms in Dongguan and Cambodia</b>	10.0%	8.5	6.9	1.6	Q2 2022
<b>General working capital</b>	25.0%	21.4	21.4	–	
	100.0%	85.3	73.0	12.3	

# Management Discussion and Analysis

In particular,

- (i) regarding the expansion of our production facilities in Cambodia, approximately HK\$25.6 million has been used for constructing the production plant, fitting out works and purchasing production equipment to leverage the relatively low labour costs in Cambodia and lower overall production cost as planned;
- (ii) regarding establishing a product development team in Cambodia, approximately HK\$8.2 million has been used for recruiting and training experienced workers in Cambodia to pick up on the skill required for product development as planned;
- (iii) regarding upgrading existing software and hardware, approximately HK\$5.0 million has been used for enhancing our information technology infrastructure as planned;
- (iv) regarding refurbishment of the existing facilities, approximately HK\$5.9 million has been used for refurbishment of the existing showroom, workshop and ancillary office as planned; and
- (v) regarding installing showrooms in Dongguan, the PRC and Cambodia, approximately HK\$6.9 million has been used for installing showrooms in our production bases in Dongguan, the PRC and Cambodia as planned.

As at 30 September 2021, the unutilised Net Proceeds were deposited in short-term demand deposits with a licensed bank in Hong Kong.

To the practicable extent which is in the best interest of the Company, the Directors intend to continue to apply the remaining Net Proceeds in accordance with the uses and in the proportions as stated in the Revised Allocation of the Net Proceeds. Nonetheless, the Directors will constantly evaluate the Group's business objectives and may change or modify the plan in line with changing market conditions to attain the business growth of the Group.

# Corporate Governance and Other Information

## CORPORATE GOVERNANCE

During 1H2021, the Company had complied with all the code provisions, where applicable, of the Corporate Governance Code as contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**” and the “**CG Code**”, respectively).

## 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 2021, 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 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) Interest in our Company

Name of Directors/ Chief executive	Capacity/Nature of interest (Note 1)	Number of Shares/ underlying Shares interested (L) (Note 2)	Approximate percentage of the Company’s issued Shares*
Mr. Ma Hing Man	Interest in a controlled corporation, interest held jointly with other persons	301,138,000	73.70%
Mr. Ma Hing Ming	Interest in a controlled corporation, interest held jointly with other persons	301,138,000	73.70%
Ms. Ma Lan Chu	Interest in a controlled corporation, interest held jointly with other persons	301,138,000	73.70%
Mr. Ma Yum Chee	Interest in a controlled corporation, interest held jointly with other persons	301,138,000	73.70%
Ms. Ma Lan Heung	Interest in a controlled corporation, interest held jointly with other persons	301,138,000	73.70%

# Corporate Governance and Other Information

*Notes:*

1. 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, 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.
  2. The letter "L" denotes the person's long position in such Shares.
- \* 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 2021.

## (ii) Interest in Associated Corporation

<b>Name of Directors</b>	<b>Name of associated corporation</b>	<b>Capacity/Nature of interest (Note 1)</b>	<b>Number of shares held (L) (Note 2)</b>	<b>Percentage of interest</b>
Mr. Ma Hing Man	Wah Sun Holdings	Beneficial owner, interest held jointly with other persons	5	100%
Mr. Ma Hing Ming	Wah Sun Holdings	Beneficial owner, interest held jointly with other persons	5	100%
Ms. Ma Lan Chu	Wah Sun Holdings	Beneficial owner, interest held jointly with other persons	5	100%
Mr. Ma Yum Chee	Wah Sun Holdings	Beneficial owner, interest held jointly with other persons	5	100%
Ms. Ma Lan Heung	Wah Sun Holdings	Beneficial owner, interest held jointly with other persons	5	100%

*Notes:*

1. 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 each in Wah Sun Holdings, representing 20% of the entire issued share capital of Wah Sun Holdings. Each of them is also a party to an 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.
2. The letter "L" denotes the person's long position in such shares.



## Corporate Governance and Other Information

Save as disclosed above, as at 30 September 2021, none of the Directors nor the chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and any of 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); (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 2021, 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 the underlying Shares as recorded in the register required 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 (L) (Note 1)	Approximate percentage of the Company's issued Shares*
Wah Sun Holdings (Notes 2 and 3)	Beneficial owner	301,138,000	73.70%
Ms. Chan Sim Kuen (Note 4)	Interest of a spouse	301,138,000	73.70%
Ms. Wu Yu Ling (Note 5)	Interest of a spouse	301,138,000	73.70%
Ms. Yung Ngan Sim (Note 6)	Interest of a spouse	301,138,000	73.70%

Notes:

- The letter "L" denotes the person's long position in such Shares.
- Wah Sun Holdings is a direct Shareholder.
- 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 an 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.
- 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.
- 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.

## Corporate Governance and Other Information

6. 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 2021.

Save as disclosed above, as at 30 September 2021, 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 and 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.

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

During 1H2021, 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 on each of the Directors, all Directors have confirmed that they had complied with the required standards as set out in the Model Code throughout 1H2021. The Model Code also applies to other specified senior management of the Group in respect of their dealing in the Company's securities.

### **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 complete, 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 1H2021.

### **CHANGES IN INFORMATION OF DIRECTORS**

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes to information of Directors subsequent to the date of the annual report of the Company for the year ended 31 March 2021 are set out as follows:

Mr. Wong Wai Keung Frederick, the independent non-executive Director, has resigned as an independent non-executive director and chairman of the audit committee of Burwill Holdings Limited (provisional liquidators appointed) (delisted from the Stock Exchange) (stock code: 24) with effect from 11 August 2021.

Save as disclosed above, during the six months ended 30 September 2021 and up to the date of this interim report, there were no other information of Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

# Corporate Governance and Other Information

## REVIEW BY AUDIT COMMITTEE

The audit committee of the Board (the “**Audit Committee**”) comprises three independent non-executive Directors with written terms of reference in compliance with Rule 3.22 of the Listing Rules and code provision C.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 1H2021 (the “**Condensed Consolidated Financial Statements**”) and this 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.

## COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company believes that maintaining a high level of transparency is a key to enhancing investor relations. It is committed to a policy of open and timely disclosure of corporate information to its Shareholders and investment 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 team 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, 22 November 2021

# Report on Review of Condensed Consolidated Financial Statements



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 20 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 2021 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 a summary of significant accounting policies and other 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”. Our responsibility is to express a conclusion on this condensed consolidated 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, 22 November 2021

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

# Condensed Consolidated Income Statement

	Notes	Six months ended 30 September	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	6	316,443	179,902
Cost of sales		(254,117)	(155,326)
<b>Gross profit</b>		<b>62,326</b>	24,576
Other income	6	402	27
Other losses, net	6	(866)	(1,106)
Selling and distribution expenses		(14,078)	(10,258)
Administrative expenses		(20,313)	(13,292)
(Provision for)/reversal of impairment of trade receivables		(4,387)	2,808
<b>Operating profit</b>		<b>23,084</b>	2,755
Finance income		35	300
Finance costs		(1,060)	(1,285)
Finance costs, net	7	(1,025)	(985)
<b>Profit before income tax</b>	8	<b>22,059</b>	1,770
Income tax expenses	9	(4,286)	(1,214)
<b>Profit for the period attributable to owners of the Company</b>		<b>17,773</b>	556
		<b>HK cents</b>	HK cents
<b>Basic and diluted earnings per share for profit attributable to owners of the Company</b>	11	<b>4.3</b>	0.1

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	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
<b>Profit for the period attributable to owners of the Company</b>	<b>17,773</b>	556
<b>Other comprehensive income:</b> <i>Item that may be reclassified subsequently to profit or loss</i>		
– Currency translation differences	<b>22</b>	346
<b>Total comprehensive income for the period attributable to owners of the Company</b>	<b>17,795</b>	902

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 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Right-of-use assets	12	22,780	23,877
Property, plant and equipment	13	42,459	46,584
Financial asset at fair value through profit or loss	14	1,310	1,290
Deferred income tax assets		3,063	1,046
		<b>69,612</b>	72,797
<b>Current assets</b>			
Inventories	15	143,122	113,489
Trade receivables	16	91,017	42,182
Prepayments, deposits and other receivables	16	20,250	8,684
Current income tax recoverable		183	2,657
Pledged bank deposits	17	23,628	23,618
Cash and cash equivalents	17	91,467	110,720
		<b>369,667</b>	301,350
<b>Total assets</b>		<b>439,279</b>	374,147
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	18	4,086	4,086
Share premium	18	109,611	109,611
Exchange reserve		2,642	2,620
Capital reserve		21,656	21,656
Retained earnings		107,619	98,018
<b>Total equity</b>		<b>245,614</b>	235,991

## Condensed Consolidated Statement of Financial Position

	<i>Notes</i>	<b>As at 30 September 2021 HK\$'000 (Unaudited)</b>	As at 31 March 2021 HK\$'000 (Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		–	97
Lease liabilities	12	21,536	22,498
		<b>21,536</b>	22,595
<b>Current liabilities</b>			
Trade and bills payables	19	128,369	87,493
Accruals and other payables	19	28,918	24,542
Current income tax liabilities		4,761	1,647
Lease liabilities	12	1,909	1,879
Dividend payable	10	8,172	–
		<b>172,129</b>	115,561
<b>Total liabilities</b>		<b>193,665</b>	138,156
<b>Total equity and liabilities</b>		<b>439,279</b>	374,147

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



## Condensed Consolidated Statement of Changes in Equity

	Share capital HK\$'000 (Note 18)	Share premium HK\$'000 (Note 18)	Exchange reserve HK\$'000	Capital reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
<b>As at 31 March 2020 (Audited)</b>	4,086	109,611	1,915	21,656	100,628	237,896
<b>Comprehensive income</b>						
Profit for the period	-	-	-	-	556	556
<b>Other comprehensive income</b>						
Currency translation difference	-	-	346	-	-	346
<b>Total comprehensive income</b>	-	-	346	-	556	902
<b>2019/20 dividend</b>	-	-	-	-	(8,173)	(8,173)
<b>As at 30 September 2020 (Unaudited)</b>	4,086	109,611	2,261	21,656	93,011	230,625
<b>As at 31 March 2021 (Audited)</b>	<b>4,086</b>	<b>109,611</b>	<b>2,620</b>	<b>21,656</b>	<b>98,018</b>	<b>235,991</b>
<b>Comprehensive income</b>						
Profit for the period	-	-	-	-	17,773	17,773
<b>Other comprehensive income</b>						
Currency translation difference	-	-	22	-	-	22
<b>Total comprehensive income</b>	-	-	22	-	17,773	17,795
<b>2020/21 dividend (Note 10)</b>	-	-	-	-	(8,172)	(8,172)
<b>As at 30 September 2021 (Unaudited)</b>	<b>4,086</b>	<b>109,611</b>	<b>2,642</b>	<b>21,656</b>	<b>107,619</b>	<b>245,614</b>

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	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
<b>Cash flows from operating activities</b>		
Net cash (used in)/generated from operations	(17,476)	17,735
Income tax paid	(808)	(10)
<b>Net cash (used in)/generated from operating activities</b>	<b>(18,284)</b>	17,725
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(241)	(179)
Increase in pledged bank deposits	(10)	(169)
Interest received	35	300
<b>Net cash used in investing activities</b>	<b>(216)</b>	(48)
<b>Cash flows from financing activities</b>		
Repayment of borrowings	–	(4,030)
Payment of lease liabilities	(1,488)	(744)
Interest paid	(504)	(700)
<b>Net cash used in financing activities</b>	<b>(1,992)</b>	(5,474)
Net (decrease)/increase in cash and cash equivalents	(20,492)	12,203
Cash and cash equivalents at beginning of the period	110,720	84,511
Currency translation difference	1,239	729
<b>Cash and cash equivalents at end of the period</b>	<b>91,467</b>	97,443

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

Wah Sun Handbags International Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 29 May 2017 as an exempted limited liability company under Companies Law (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 subsidiaries (together, the “**Group**”) principally manufacture and trade handbag products. The ultimate holding company of the Company is Wah Sun International Holdings Limited (“**Wah Sun Holdings**”), incorporated in the British Virgin Islands. The ultimate controlling parties of the Group are all family members within 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 acting in concert agreement.

The issued shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited.

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

This condensed consolidated interim financial information has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

It should be read in conjunction with the annual financial statements for the year ended 31 March 2021, prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”).

## 3. ACCOUNTING POLICIES

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 2021 as described in those annual financial statements, except for the estimation of income tax and the adoption of new and amended standards as set out below:

New and amended standards adopted by the Group:

- (a) The following amendments to standards are mandatory for the first time for the financial year beginning on 1 April 2021 and currently relevant to the Group:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4	Interest Rate Benchmark Reform – Phase 2 (amendments)
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The adoption of the above amendments to standards does not have any significant impact to the results and financial position of the Group.

# Notes to the Condensed Consolidated Interim Financial Information

## 3. ACCOUNTING POLICIES (CONTINUED)

- (b) New standards, amendments to existing standards, annual improvements, guideline and interpretation have been issued but are not effective for the financial year beginning on 1 April 2021 and have not been early adopted:

		<b>Effective for accounting periods beginning on or after</b>
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope amendments	1 January 2022
Amendments to Annual Improvement Project	Annual improvements 2018–2020 cycle	1 January 2022
Accounting Guideline 5 (Revised)	Merger accounting for common control combinations	1 January 2022
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 January 2023
HK-Interpretation 5 (2020)	Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2023
HKFRS 17	Insurance contracts	1 January 2023
HKFRS 17	Amendments to HKFRS 17	1 January 2023
Amendments to HKAS 8	Accounting policies, change in accounting estimates and errors	1 January 2023
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 standards, amendments, annual improvements, guideline and interpretation that are not yet effective and that would be 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.

## 4. 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 were the same as those that applied to the consolidated financial statements for the year ended 31 March 2021.

# 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:

	<b>Six months ended 30 September</b>	
	<b>2021</b> <b>HK\$'000</b> <b>(Unaudited)</b>	2020 HK\$'000 (Unaudited)
The US	<b>254,634</b>	134,034
Spain	<b>3,570</b>	10,537
Canada	<b>17,070</b>	6,465
Other countries	<b>41,169</b>	28,866
	<b>316,443</b>	179,902

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.

	<b>As at</b> <b>30 September</b> <b>2021</b> <b>HK\$'000</b> <b>(Unaudited)</b>	As at 31 March 2021 HK\$'000 (Audited)
	Cambodia	<b>54,322</b>
The PRC	<b>10,340</b>	12,384
Hong Kong	<b>577</b>	740
	<b>65,239</b>	70,461

## Notes to the Condensed Consolidated Interim Financial Information

### 6. REVENUE, OTHER INCOME AND OTHER LOSSES, NET

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

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
<b>Revenue:</b>		
Sales of goods	316,443	179,902

Revenue of HK\$318,000 (30 September 2020: HK\$75,000) recognised for the six months ended 30 September 2021 relates to carried-forward contract liabilities in the prior year.

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

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
<b>Other income:</b>		
Sundry income	49	27
Government subsidies ( <i>Note</i> )	353	–
	402	27
<b>Other losses, net:</b>		
Net exchange losses	(1,145)	(1,341)
Fair value change of financial asset at fair value through profit or loss	20	19
Gain on sales of scrap materials	259	216
	(866)	(1,106)
	(464)	(1,079)

*Note:* The amount represents government subsidies from the Government of the PRC in respect of the export credit insurance. There are no unfulfilled conditions and other contingencies attached to the government subsidies.

## Notes to the Condensed Consolidated Interim Financial Information

### 7. FINANCE COSTS, NET

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
<b>Finance costs:</b>		
– Interest expense on bank borrowings	–	(68)
– Interest expense on bills payables	(504)	(632)
– Interest expense on lease liabilities	(556)	(585)
	(1,060)	(1,285)
<b>Finance income:</b>		
– Interest income on bank deposits	35	300
Finance costs, net	(1,025)	(985)

### 8. PROFIT BEFORE INCOME TAX

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

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Cost of inventories sold	134,586	87,803
Sub-contracting charges	48,771	27,804
Transportation and customs charges	11,471	9,420
Short-term lease payments	233	120
Employee benefit expense ( <i>Note</i> )	75,758	40,414
Depreciation on right-of-use assets	1,097	1,097
Depreciation on property, plant and equipment	4,370	4,648
Legal and professional fees	1,613	1,486
Provision for/(reversal of) impairment of trade receivables	4,387	(2,808)

*Note:* As at 30 September 2020 and 2021, 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	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Current income tax:		
– Hong Kong profits tax	6,315	2,238
– Overseas taxation	80	20
	6,395	2,258
Deferred income tax	(2,109)	(1,044)
	4,286	1,214

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profit for the six months ended 30 September 2021, except for the first HK\$2,000,000 of a qualified entity's assessable profit which is calculated at 8.25% (2020: 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 HK0.5 cent per Share and a special dividend of HK1.5 cent per Share for the year ended 31 March 2021 amounting to an aggregate of approximately HK\$8,172,000 was approved at the annual general meeting of the Company held on 6 September 2021, and was paid on 28 October 2021.

#### Dividends attributable to the period

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Interim dividend of HK1.5 cent per Share (30 September 2020: Nil)	6,129	–
Special dividend of HK0.5 cent per Share (30 September 2020: Nil)	2,043	–
	8,172	–

On 22 November 2021, the Directors declared an interim dividend of HK1.5 cent per Share (30 September 2020: Nil) and a special dividend of HK0.5 cent per Share (30 September 2020: Nil) totalling HK\$8,172,000, which will be payable to the Shareholders whose name will appear on the Register of Members on 11 January 2022.



# 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	
	2021 (Unaudited)	2020 (Unaudited)
Profit attributable to owners of the Company (HK\$'000)	17,773	556
Weighted average number of shares in issue (in thousands)	408,626	408,626
Basic earnings per share (HK cents)	4.3	0.1

### (b) Diluted

Diluted earnings per share presented is the same as the basic earnings per share as there was no potentially dilutive ordinary share outstanding as at 30 September 2021 and 2020.

## 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 2020 (Audited)	25,810	262	26,072
Depreciation	(2,151)	(44)	(2,195)
As at 31 March 2021 (Audited)	23,659	218	23,877
As at 1 April 2021 (Audited)	23,659	218	23,877
Depreciation (Note 8)	(1,075)	(22)	(1,097)
<b>As at 30 September 2021 (Unaudited)</b>	<b>22,584</b>	<b>196</b>	<b>22,780</b>

# Notes to the Condensed Consolidated Interim Financial Information

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

### Lease liabilities <sup>(Note)</sup>

	HK\$'000
As at 1 April 2020 (Audited)	26,197
Interest expense on lease liabilities	1,156
COVID-19 related rent concession	(744)
Payment of lease liabilities	(2,232)
As at 31 March 2021 (Audited)	24,377
Represents:	
Current portion	1,879
Non-current portion	22,498
	24,377
As at 1 April 2021 (Audited)	24,377
Interest expense on lease liabilities <i>(Note 7)</i>	556
Payment of lease liabilities	(1,488)
<b>As at 30 September 2021 (Unaudited)</b>	<b>23,445</b>
Represents:	
Current portion	1,909
Non-current portion	21,536
	23,445

*Note:* As at 30 September 2021, the Group recognised right-of-use assets of HK\$22,584,000 (31 March 2021: HK\$23,659,000) and lease liabilities of HK\$23,445,000 (31 March 2021: HK\$24,377,000) in respect of a lease entered with a related party (Note 20(b)).

## Notes to the Condensed Consolidated Interim Financial Information

### 13. PROPERTY, PLANT AND EQUIPMENT

<b>Net book value:</b>	HK\$'000
As at 1 April 2020 (Audited)	52,613
Additions	1,209
Depreciation charge	(7,311)
Currency translation differences	73
As at 31 March 2021 (Audited)	46,584
<b>Net book value:</b>	HK\$'000
As at 1 April 2021 (Audited)	46,584
Additions	241
Depreciation charge (Note 8)	(4,370)
Currency translation differences	4
<b>As at 30 September 2021 (Unaudited)</b>	<b>42,459</b>

### 14. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>As at 30 September 2021 HK\$'000 (Unaudited)</b>	As at 31 March 2021 HK\$'000 (Audited)
Financial asset at fair value through profit or loss – key management insurance contract	<b>1,310</b>	1,290

#### 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

### 15. INVENTORIES

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Raw materials	70,523	48,944
Work-in-progress	44,896	46,881
Finished goods	27,703	17,664
	<b>143,122</b>	113,489

The cost of inventories recognised as expense and included in "cost of sales" in the condensed consolidated income statement amounted to HK\$134,586,000 for the six months ended 30 September 2021 (for the six months ended 30 September 2020: HK\$87,803,000).

### 16. TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Trade receivables ( <i>Note</i> )	132,728	79,506
Less: provision for impairment of trade receivables	(41,711)	(37,324)
Trade receivables, net	<b>91,017</b>	42,182
Deposits	1,096	1,097
Prepayments	6,112	2,889
Value-added tax recoverable	13,036	4,693
Other receivables	6	5
	<b>20,250</b>	8,684

The maximum exposure to credit risk as at 30 September 2021 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.

## Notes to the Condensed Consolidated Interim Financial Information

### 16. TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

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 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Within 30 days	60,083	30,081
31 to 60 days	29,573	9,413
61 to 90 days	7,381	5,325
Over 90 days	35,691	34,687
	<b>132,728</b>	79,506

### 17. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Cash at bank	89,415	109,465
Cash on hand	2,052	1,255
Cash and cash equivalents	91,467	110,720
Pledged bank deposits	23,628	23,618
Cash and bank balances	<b>115,095</b>	134,338
Maximum exposure to credit risk	<b>113,043</b>	133,083

As at 30 September 2021, pledged bank deposits of HK\$23,628,000 (31 March 2021: HK\$23,618,000) 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 Renminbi ("RMB") are deposited with banks in the PRC. The conversion of these RMB denominated balances into foreign currencies and the remittance of fund out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by the government of the PRC.

# Notes to the Condensed Consolidated Interim Financial Information

## 18. 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 2021 (Audited) and 30 September 2021 (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 2021 (Audited) and 30 September 2021 (Unaudited)	408,626,000	4,086	109,611

## Notes to the Condensed Consolidated Interim Financial Information

### 19. TRADE AND BILLS PAYABLES, ACCRUALS AND OTHER PAYABLES

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Trade payables	92,987	63,999
Bills payables	35,382	23,494
Trade and bills payables ( <i>Note</i> )	128,369	87,493
Accruals and other payables		
– Accrued salaries	12,599	10,866
– Other accruals and payables	16,001	13,372
– Contract liabilities	318	304
	28,918	24,542
	157,287	112,035

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 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Within 30 days	55,218	44,496
31 to 60 days	37,854	7,570
61 to 90 days	22,308	14,530
Over 90 days	12,989	20,897
	128,369	87,493

# Notes to the Condensed Consolidated Interim Financial Information

## 20. 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

- (b) The following transactions were carried out with related parties:

For the six months ended 30 September 2021, the following transactions were carried out with related parties at terms mutually agreed by both parties:

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Rental expenses paid or payable to related parties		
– Ms. Dong Yan ( <i>Note</i> )	1,488	744
– Ms. Ma Lan Chu and Ms. Yung Ngan Sim	144	72
– Ms. Ma Lan Heung and Ms. Chan Sim Kuen	84	42
	<b>1,716</b>	858

*Note:* As at 30 September 2021, the Group recognised right-of-use assets and lease liabilities (Note 12) in respect of the lease entered with this related party.



## Notes to the Condensed Consolidated Interim Financial Information

### 20. RELATED PARTY TRANSACTIONS (CONTINUED)

- (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	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Salaries, bonus and other allowances	5,803	3,196
Retirement benefit costs		
– Mandatory Provident Fund Scheme	49	42
	<b>5,852</b>	3,238