# 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)**

# FINAL RESULTS
# FOR THE YEAR ENDED 31 MARCH 2019

The board of directors (the "**Directors**" and the "**Board**", respectively) of Wah Sun Handbags International Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") hereby announces the audited consolidated results of the Group for the year ended 31 March 2019 ("**this Year**") together with the comparative figures for the year ended 31 March 2018 ("**Year 2018**").

## FINANCIAL HIGHLIGHTS

The Group has recorded a higher revenue of approximately HK$759.5 million for this Year, representing an increase of approximately HK$62.0 million or approximately 8.9% as compared with that of Year 2018.

The gross profit of the Group decreased to approximately HK$134.1 million for this Year from approximately HK$152.3 million for Year 2018, representing a decrease of approximately HK$18.2 million or 11.9%, which was mainly due to (i) the sifting out of those customers with higher profit margin but with unsatisfactory credit histories; (ii) the competitive pricing offered to secure new orders and further expand our market share; and (iii) an increase in the complexity of products sold.

As a result of the foregoing and the increase in provision for impairment of trade receivables by approximately HK$3.7 million from approximately HK$1.6 million for Year 2018 to approximately HK$5.3 million for this Year and the increase in net exchange gains of approximately HK$6.3 million, profit for this Year attributable to owners of the Company decreased by approximately HK$4.9 million or 10.8% to approximately HK$40.7 million for this Year from approximately HK$45.6 million for Year 2018. Such decrease for this Year was partially alleviated by the recognition of the listing expenses of HK$24.3 million for Year 2018.

The Board has resolved to recommend the payment of a final dividend of HK4.0 cents per ordinary share (the "**Share**") this Year (Year 2018: HK1.0 cent per ordinary share).

## CONSOLIDATED INCOME STATEMENT

*For the year ended 31 March 2019*

| | | Year ended 31 March | |
|---|---|---|---|
| | | **2019** | 2018 |
| | *Notes* | ***HK$'000*** | *HK$'000* |
| Revenue | *4* | **759,455** | 697,492 |
| Cost of sales | *5* | **(625,342)** | (545,228) |
| **Gross profit** | | **134,113** | 152,264 |
| Other income | *4* | **8** | 57 |
| Other gains, net | *4* | **8,109** | 2,920 |
| Selling and distribution expenses | *5* | **(39,475)** | (33,145) |
| Administrative expenses | *5* | **(48,715)** | (63,954) |
| Provision for impairment of trade receivables | *11* | **(5,282)** | — |
| **Operating profit** | | **48,758** | 58,142 |
| Finance income | *6* | **811** | 122 |
| Finance costs | *6* | **(4,576)** | (2,399) |
| Finance costs, net | | **(3,765)** | (2,277) |
| **Profit before income tax** | | **44,993** | 55,865 |
| Income tax expenses | *7* | **(4,323)** | (10,287) |
| **Profit for the year attributable to owners of the Company** | | **40,670** | 45,578 |
| | | ***HK cents*** | *HK cents* |
| **Basic and diluted earnings per share for profit attributable to owners of the Company** | *9* | **10.0** | 14.2 |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 March 2019*

| | Year ended 31 March | |
|---|---|---|
| | **2019** | 2018 |
| | ***HK$'000*** | *HK$'000* |
| **Profit for the year attributable to owners of the Company** | **40,670** | 45,578 |
| **Other comprehensive (loss)/income:** | | |
| *Item that may be reclassified subsequently to profit or loss* | | |
| — Currency translation differences | **(825)** | 1,095 |
| **Total comprehensive income for the year attributable to owners of the Company** | **39,845** | 46,673 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 March 2019*

| | | As at 31 March | |
|---|---|---|---|
| | | **2019** | 2018 |
| | *Notes* | ***HK$'000*** | *HK$'000* |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Land use rights | | **306** | 350 |
| Property, plant and equipment | | **57,636** | 45,666 |
| Financial asset at fair value through profit or loss | | **1,214** | — |
| Deferred income tax assets | | **744** | — |
| Deposits paid for plant and equipment | | **—** | 1,213 |
| | | **59,900** | 47,229 |
| **Current assets** | | | |
| Inventories | *10* | **163,054** | 104,278 |
| Trade receivables | *11* | **134,992** | 125,001 |
| Prepayments, deposits and other receivables | *11* | **9,460** | 13,572 |
| Current income tax recoverable | | **4,440** | 1,127 |
| Pledged bank deposits | | **22,528** | 22,360 |
| Cash and cash equivalents | | **92,668** | 108,900 |
| | | **427,142** | 375,238 |
| **Total assets** | | **487,042** | 422,467 |

| | Notes | As at 31 March 2019 HK$'000 | 2018 HK$'000 |
|---|---|---|---|
| **EQUITY** | | | |
| **Equity attributable to owners of the Company** | | | |
| Share capital | | **4,086** | 4,086 |
| Share premium | | **109,611** | 109,611 |
| Exchange reserve | | **2,534** | 3,359 |
| Capital reserve | | **21,656** | 21,656 |
| Retained earnings | | **105,887** | 69,878 |
| **Total equity** | | **243,774** | 208,590 |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Deferred income tax liabilities | | **705** | 752 |
| **Current liabilities** | | | |
| Trade and bills payables | *12* | **200,886** | 166,030 |
| Accruals and other payables | *12* | **20,278** | 24,268 |
| Current income tax liabilities | | **4,096** | 2,675 |
| Borrowings | | **17,303** | 20,152 |
| | | **242,563** | 213,125 |
| **Total liabilities** | | **243,268** | 213,877 |
| **Total equity and liabilities** | | **487,042** | 422,467 |

# NOTES

## 1. GENERAL INFORMATION

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 principally manufacture and trade hand-bag products. The ultimate holding company of the Company is Wah Sun International Holdings Limited, 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, Ms. Ma Lan Heung and Mr. Ma Yum Chee who have entered into acting in concert agreement.

The Shares were listed on the Main Board of the Stock Exchange on 22 January 2018 (the "**Listing Date**" and the "**Listing**", respectively).

These consolidated financial statements of the Group (the "**Consolidated Financial Statements**") are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand (HK$'000), unless otherwise stated.

## 2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

### 2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and disclosure requirements of the Hong Kong Companies Ordinance Cap.622. The consolidated financial statements have been prepared under the historical cost basis, except for financial assets at fair value through profit or loss.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management of the Group (the "**Management**") to exercise its judgement in the process of applying the Group's accounting policies.

## 2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (Continued)

***(a) New standards, amendments to standards and interpretation to existing standards adopted by the Group***

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2018:

| | |
|---|---|
| Amendments to HKFRS 1 and HKAS 28 | Annual improvements 2014–2016 cycle |
| Amendments to HKFRS 2 | Classification and measurement of share-based payment transaction |
| Amendments to HKFRS 4 | Applying HKFRS 9 financial instruments with HKFRS 4 insurance contracts |
| HKFRS 9 | Financial instruments |
| HKFRS 15 | Revenue from contracts with customers |
| Amendments to HKFRS 15 | Clarifications to HKFRS 15 |
| Amendments to HKAS 40 | Transfers of investment property |
| HK(IFRIC)-Int 22 | Foreign currency transactions and advance consideration |

The impact of the adoption of HKFRS 9, Financial Instruments ("**HKFRS 9**") and HKFRS 15, Revenue from Contracts with Customers ("**HKFRS 15**") are disclosed in Note 2.2.

Apart from the aforementioned HKFRS 9 and HKFRS 15, the other standards did not have material impact on the Group's accounting policies and did not require any adjustments.

***(b) New standards and amendments to standards that have been issued but are not effective***

The following new and amended standards and interpretations have been issued but are not effective for the financial year beginning 1 April 2018 and have not been early adopted by the Group:

| | | **Effective for annual periods beginning on or after** |
|---|---|---|
| Amendments to Annual Improvements Project | Annual improvements 2015–2017 cycle | 1 April 2019 |
| Amendments to HKFRS 9 | Prepayment features with negative compensation | 1 April 2019 |
| Amendments to HKAS 19 | Plan amendment, curtailment or settlement | 1 April 2019 |
| Amendments to HKAS 28 | Long-term interests in associates or joint ventures | 1 April 2019 |
| HKFRS 16 | Leases | 1 April 2019 |
| HK(IFRIC)-Int 23 | Uncertainty over income tax treatments | 1 April 2019 |
| Amendments to HKFRS 3 (Revised) | Definition of a business | 1 April 2020 |
| Conceptual Framework for Financial Reporting 2018 | Revised conceptual framework for financial reporting | 1 April 2020 |
| HKFRS 17 | Insurance contracts | 1 April 2021 |
| Amendments to HKFRS 10 and HKAS 28 | Sale or contribution of assets between an investor and its associate or joint venture | To be determined |

## 2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (Continued)

#### *(b) New standards and amendments to standards that have been issued but not effective (Continued)*

The Group's assessment of the impact of these new standards and interpretations is set out below:

**HKFRS 16 "Leases"**

*Nature of change*

HKFRS 16 will result in almost all leases being recognised on the consolidated statement of financial position by lessees as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

*Impact*

Based on management's initial assessment, the initial adoption of HKFRS 16 in the future will result in an increase in the right-of-use assets and the lease liabilities, which is expected to result in an increase in both assets and liabilities in the consolidated statement of financial position. The adoption will also front-load the expense recognition in the consolidated income statement over the period of the leases, as a result of the combination of the interest expenses arising from the lease liabilities and the amortisation of the right-of-use assets as compared to the rental expenses under existing standard.

As at 31 March 2019, the Group has aggregate minimum lease payments, which are not reflected in the consolidated statement of financial position, under non-cancellable operating lease of approximately HK$9,384,000. The Group's operating leases with original lease terms of over 1 year will be recognised as right-of-use assets and corresponding lease liabilities unless they are exempted from the reporting obligations as described above upon the initial application of HKFRS16.

The overall impact on profit before income tax will not be affected significantly, except interest expense on lease liability will be included in "finance costs", which are currently a part of rental expenses recognised. The payment for lease liability will be mostly reflected in financing cash flow, with the interest portion recognised as interests paid.

*Date of adoption by the Group*

The Group will apply the standard from 1 April 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for leases will be measured at the amount of the lease liability on adoption.

Apart from the aforementioned HKFRS 16, the Directors are in the process of assessing the financial impact of the adoption of the above new standards and amendments to standards. The Group will adopt the new standards and amendments to standards when they become effective.

## 2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

### 2.2 Changes in Accounting Policies

The notes below explain the impact of the adoption of HKFRS 9, "Financial Instruments" and HKFRS 15, "Revenue from Contracts with Customers" on the Group's consolidated financial statements.

The Group elected to adopt HKFRS 9 and HKFRS 15 without restating comparatives. The reclassifications and the adjustments are therefore not reflected in the consolidated statement of financial position as at 31 March 2018, but are recognised in the opening consolidated statement of financial position on 1 April 2018.

#### *(a) HKFRS 9 Financial Instruments*

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments and impairment of financial assets.

The total impact on the Group's retained earnings as at 1 April 2018 is as follows:

| | *HK$'000* |
|---|---|
| **Opening retained earnings — HKAS 39** | 69,878 |
| Adjustment to retained earnings from adoption of HKFRS 9 | (575) |
| **Opening retained earnings — HKFRS 9** | 69,303 |

*(i) Recognition, classification, measurement and derecognition*

Other than financial assets carried at fair value through profit or loss, financial assets and liabilities of the Group are carried at amortised cost. There are no material changes regarding recognition, classification, measurement and derecognition.

*(ii) Impairment of financial assets*

The Group's trade receivables are subject to HKFRS 9's new expected credit loss model. While cash and cash equivalents, pledged bank deposits, financial assets at fair value through profit or loss, deposits and other receivables are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

For trade receivables, the Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance. The adoption of the simplified expected loss approach under HKFRS 9 has resulted in additional impairment loss for trade receivables as at 1 April 2018 as listed above.

Provision for impairment of trade receivables was separately presented within operating profit from 1 April 2018. This item was previously included in "administrative expense" in prior years.

## 2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

### 2.2 Changes in Accounting Policies (Continued)

#### *(b) HKFRS 15 Revenue from Contracts with Customers*

HKFRS 15 replaces HKAS 18 Revenue, which resulted in changes in accounting policies that relate to timing of revenue recognition and presentation of contract liabilities.

The adoption of HKFRS 15 does not have a significant impact on when the Group recognises revenue from sales of goods.

As a result of the changes in the Group's accounting policies, certain reclassifications are not reflected in the consolidated balance sheet as at 31 March 2018, but are recognised in the opening consolidated balance sheet on 1 April 2018.

The following table shows the adjustment recognised for individual line item. Line items that were not affected by the changes have not been included.

The impact of the reclassifications are as follows:

| | **Receipt in advance from a customer** *HK$'000* | **Contract liabilities** *HK$'000* |
|---|---|---|
| Opening balance — HKAS 18 | 2,416 | — |
| Reclassify receipts in advance to contract liabilities | (2,416) | 2,416 |
| Opening balance — HKFRS 15 | — | 2,416 |

*Presentation of contract liabilities*

As at 31 March 2018, receipts in advance, amounting to HK$2,416,000, represented the Group's obligation to transfer goods to the customers for which the Group has received consideration from the customers and was included in accruals and other payables.

As at 31 March 2019, receipts in advance, i.e. the contract liabilities, were included in accruals and other payables.

## 3. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Directors. The Directors consider the business from a product perspective being principally the manufacture and trading of hand-bag products. As the Group has only one operating segment qualified as reporting segment under HKFRS 8 and the information that regularly reviewed by the Directors for the purposes of allocating resources and assessing performance of the operating segment is the financial statements of the Group, no separate segmental analysis is presented in these consolidated financial statements.

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

**Geographical information**

The Company is domiciled in Hong Kong. The revenue from customers in United States of America ("**USA**") for the year ended 31 March 2019 are HK$467,167,000 (2018: HK$468,758,000), the revenue from customers in Spain are HK$108,688,000 (2018: HK$86,028,000), and the total revenue from customers in other countries are HK$183,600,000 (2018: HK$142,706,000). For the purpose of classification, the geographical source of revenue is determined based on the destination of the goods delivered to the 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 deposits paid for plant and equipment, financial assets at fair value through profit or loss and deferred income tax assets.

| | **As at 31 March** | |
|---|---|---|
| | **2019** | 2018 |
| | ***HK$'000*** | *HK$'000* |
| The People's Republic of China ("**PRC**" or "**China**") | **16,609** | 9,118 |
| Hong Kong | **1,621** | 1,201 |
| The Kingdom of Cambodia ("**Cambodia**") | **39,712** | 35,697 |
| | **57,942** | 46,016 |

**Information about major customers**

Revenue from the Group's major customers contributing over 10% of the total revenue of the Group is as follows:

| | **Year ended 31 March** | |
|---|---|---|
| | **2019** | 2018 |
| | ***HK$'000*** | *HK$'000* |
| Customer A | **182,842** | 191,391 |
| Customer B | **128,986** | 98,859 |
| Customer C | **100,318** | 96,130 |
| Customer D | **85,567** | 82,001 |
| Customer E | **81,187** | 76,232 |
| | **578,900** | 544,613 |

## 4. REVENUE, OTHER INCOME AND OTHER GAINS, NET

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

| | Year ended 31 March | |
|---|---|---|
| | **2019** | 2018 |
| | ***HK$'000*** | *HK$'000* |
| **Revenue:** | | |
| Sales of goods | **759,455** | 697,492 |

Revenue of HK$2,416,000 recognised during the year ended 31 March 2019 was related to contract liabilities in a prior year.

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

| | | |
|---|---|---|
| **Other income:** | | |
| Sundry income | **8** | 57 |
| **Other gains, net:** | | |
| Net losses on disposal of property, plant and equipment | **—** | (32) |
| Net exchange gains | **7,942** | 1,678 |
| Gain on sales of scrap materials | **392** | 1,274 |
| Fair value change of financial asset at fair value through profit or loss | **(225)** | — |
| | **8,109** | 2,920 |
| | **8,117** | 2,977 |

## 5. EXPENSES BY NATURE

| | Year ended 31 March | |
|---|---|---|
| | **2019** | 2018 |
| | ***HK$'000*** | *HK$'000* |
| Cost of raw materials consumed | **373,484** | 331,815 |
| Sub-contracting charges | **100,551** | 60,582 |
| Transportation and customs charges | **34,275** | 27,609 |
| Operating lease rental in respect of land and building | **3,447** | 3,111 |
| Employee benefit expense | **161,112** | 157,029 |
| Auditor's remuneration | **1,850** | 1,570 |
| Travelling expenses | **1,376** | 1,152 |
| Entertainment expenses | **1,292** | 966 |
| Listing expenses | **—** | 24,278 |
| Amortisation on land use rights | **44** | 44 |
| Depreciation on property, plant and equipment | **7,802** | 8,224 |
| Legal and professional fees | **3,516** | 540 |
| Utilities | **5,729** | 5,581 |
| Repairs and maintenance | **774** | 752 |
| Provision for impairment of trade receivables *(Note (i))* | **—** | 1,565 |
| Donations | **412** | 1,436 |
| Other expenses | **17,868** | 16,073 |
| Total cost of sales, selling and distribution expenses and administrative expenses | **713,532** | 642,327 |

*Note (i):* With effect from 1 April 2018, provision for impairment of trade receivables was separately disclosed in the consolidated income statement.

## 6. FINANCE COSTS, NET

| | Year ended 31 March | |
|---|---|---|
| | **2019** | 2018 |
| | ***HK$'000*** | *HK$'000* |
| **Finance costs:** | | |
| — Interest expense on bank borrowings | **(815)** | (892) |
| — Interest expense on bills payable | **(3,759)** | (1,498) |
| — Interest expense on finance lease liabilities | **(2)** | (9) |
| | **(4,576)** | (2,399) |
| **Finance income:** | | |
| — Interest income on bank deposits | **811** | 122 |
| Finance costs, net | **(3,765)** | (2,277) |

## 7. INCOME TAX EXPENSES

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

| | Year ended 31 March | |
|---|---|---|
| | **2019** | 2018 |
| | ***HK$'000*** | *HK$'000* |
| Current income tax: | | |
| — Hong Kong profits tax | **274** | 9,477 |
| — Overseas taxation | **4,325** | 5 |
| Under-provision in prior years | **515** | 102 |
| | **5,114** | 9,584 |
| Deferred income tax | **(791)** | 703 |
| | **4,323** | 10,287 |

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) for the year ended 31 March 2019 on the estimated assessable profit. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

Pursuant to the Cambodia tax laws, Wah Sun HK Factory (Cambodia) Co., Ltd, one of the wholly owned subsidiaries of the Group, is entitled to preferential tax treatment with full exemption from Cambodia corporate income tax for four financial years from 1 January 2015 to 31 December 2018. Starting from 1 January 2019, Cambodia corporate income tax has been provided at the rate of 20%.

## 8. DIVIDENDS

The Board has recommended the payment of a final dividend of HK4.0 cents per share (2018: HK1.0 cent per share), amounting to an aggregate of approximately HK$16,345,000 (2018: HK$4,086,000) for the year ended 31 March 2019.

The proposed final dividend for the year is subject to the approval by the shareholders of the Company (the "**Shareholders**") in the forthcoming annual general meeting of the Company (the "**2019 AGM**"). These consolidated financial statements do not reflect this dividend payable.

| | **Year ended 31 March** | |
|---|---|---|
| | **2019** | 2018 |
| | ***HK$'000*** | *HK$'000* |
| Proposed final dividend of HK4.0 cents (2018: HK1.0 cent) per share by the Company | **16,345** | 4,086 |
| Final dividend paid of HK$2,000 per share by a subsidiary of the Company | **—** | 20,000 |

## 9. 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 years. The weighted average number of ordinary shares used for such purpose has been retrospectively adjusted for the effects of the issuance of shares in connection with the Reorganisation completed on 11 December 2017 and the shares issued pursuant to the Capitalisation issue (as defined in Company's prospectus dated 10 January 2018 (the "**Prospectus**")) were deemed to have been in issue since 1 April 2016.

| | **Year ended 31 March** | |
|---|---|---|
| | **2019** | 2018 |
| Profit attributable to owners of the Company *(HK$'000)* | **40,670** | 45,578 |
| Weighted average number of shares in issue *(thousands shares)* | **408,626** | 319,991 |
| Basic earnings per share *(HK cents)* | **10.0** | 14.2 |

### (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 31 March 2019 (2018: Nil).

## 10. INVENTORIES

| | As at 31 March | |
|---|---|---|
| | **2019** | 2018 |
| | ***HK$'000*** | *HK$'000* |
| Raw materials | **56,134** | 33,647 |
| Work-in-progress | **86,039** | 43,257 |
| Finished goods | **20,881** | 27,374 |
| | **163,054** | 104,278 |

The cost of raw materials consumed recognised as expense and included in "cost of sales" in the consolidated income statement amounted to HK$373,484,000 for the year ended 31 March 2019 (2018: HK$331,815,000).

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

| | As at 31 March | |
|---|---|---|
| | **2019** | 2018 |
| | ***HK$'000*** | *HK$'000* |
| Trade receivables | **142,414** | 126,566 |
| Less: provision for impairment of trade receivables | **(7,422)** | (1,565) |
| Trade receivables, net | **134,992** | 125,001 |
| Deposits | **1,149** | 1,075 |
| Prepayments | **1,893** | 6,355 |
| Value-added tax recoverable | **6,412** | 7,155 |
| Other receivables | **6** | 200 |
| | **9,460** | 14,785 |
| Less: non-current portion | | |
| Deposits paid for plant and equipment | **—** | (1,213) |
| Current portion | **9,460** | 13,572 |

The maximum exposure to credit risk as at 31 March 2019 was the carrying value of each class of receivables mentioned above. The Group did not hold any collateral as security. The carrying amounts of trade and other receivables excluding prepayments and value-added tax recoverable approximate their fair values.

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

The trade and other receivables excluding prepayments and value-added tax recoverable are denominated in the following currencies:

| | As at 31 March | |
|---|---|---|
| | **2019** | 2018 |
| | ***HK$'000*** | *HK$'000* |
| United States dollar ("**US$**") | **135,834** | 126,036 |
| HK$ | **310** | 237 |
| Renminbi ("**RMB**") | **3** | 3 |
| | **136,147** | 126,276 |

*Note:*

**Trade receivables**

The credit terms of trade receivables generally range from 30 to 90 days from the invoice date. As at 31 March 2019, the ageing analysis of the gross trade receivables based on the invoice date is as follows:

| | As at 31 March | |
|---|---|---|
| | **2019** | 2018 |
| | ***HK$'000*** | *HK$'000* |
| Within 30 days | **52,714** | 36,072 |
| 31 to 60 days | **34,578** | 39,705 |
| 61 to 90 days | **28,432** | 38,237 |
| Over 90 days | **26,690** | 12,552 |
| | **142,414** | 126,566 |

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

| | *HK$'000* |
|---|---|
| At 1 April 2017 | — |
| Provision for impairment | 1,565 |
| At 31 March 2018 | 1,565 |
| Amounts additionally provided through opening retained earnings on adoption of HKFRS 9 *(Note 2.2(a))* | 575 |
| At 1 April 2018 | 2,140 |
| Provision for impairment | 5,282 |
| At 31 March 2019 | 7,422 |

The other classes within trade and other receivables do not contain impaired assets.

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

| | As at 31 March | |
|---|---|---|
| | **2019** | 2018 |
| | ***HK$'000*** | *HK$'000* |
| Trade payables | **104,866** | 69,950 |
| Bills payable | **96,020** | 96,080 |
| | **200,886** | 166,030 |
| Accruals and other payables | | |
| — Accrued salaries | **11,529** | 12,088 |
| — Accruals for listing expenses | **—** | 3,559 |
| — Other accruals and payables | **8,145** | 6,205 |
| — Receipt in advance from a customer | **—** | 2,416 |
| — Contract liabilities | **604** | — |
| | **20,278** | 24,268 |
| | **221,164** | 190,298 |

As at 31 March 2019, the carrying amounts of trade and bills payables, accruals and other payables approximate their fair values.

*Note:*

As at 31 March 2019, the ageing analysis of the trade and bills payables based on invoice date is as follows:

| | As at 31 March | |
|---|---|---|
| | **2019** | 2018 |
| | ***HK$'000*** | *HK$'000* |
| Within 30 days | **78,976** | 60,758 |
| 31 to 60 days | **34,787** | 74,321 |
| 61 to 90 days | **64,858** | 25,354 |
| Over 90 days | **22,265** | 5,597 |
| | **200,886** | 166,030 |

## MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW AND FUTURE PROSPECTS

The Group is a non-leather handbag original equipment manufacturer (the "**OEM**") and principally manufactures and trades handbag products.

The Group's revenue increased by approximately HK$62.0 million or approximately 8.9% to approximately HK$759.5 million for this Year from approximately HK$697.5 million for Year 2018. The increase in revenue was mainly due to an increase in demand from our customers as a result of (i) an increase in business needs for certain fast fashion brands; (ii) the benefit of duty-free and quota-free export of all goods (except arms and ammunition) to USA and member states of the European Union from Cambodia; and (iii) the ramp up of production capacity following the completion of the second phase of our expansion plan in Cambodia for this Year.

The Group's sales were still predominantly made to North America, accounting for approximately 66% of total revenue for this Year (Year 2018: approximately 69%). The share of revenues from European customers has increased by approximately 2% to approximately 24% for this Year when compared with that of Year 2018.

During this Year, some of our customers with relatively high gross profit margin but with unsatisfactory credit histories have been sifted out followed by our credit risk assessment, thus affecting our gross profit margin and financial performance.

We have reluctantly ceased our business with a customer (the "**Previous Customer**") who filed a voluntary petition (the "**Petition**") for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York in April 2018. In view of the Petition and with reference to the information submitted by the Previous Customer to the relevant court pursuant to Chapter 11 of the United States Bankruptcy Code in November 2018, an additional provision for impairment of trade receivables of approximately HK$5.0 million has been made and charged to the income statement of the Group as an expense for this Year. Based on the latest information currently available, we assessed and expected the recoverable amount from the Previous Customer would be around HK$1.3 million of which approximately HK$1.1 million has been received in cash in May 2019.

On the other hand, we plan to continue to leverage our market leading position and high-quality services to maintain our relationships with our existing customers and to attract new internationally well-known brand customers, particularly fast fashion brand customers. Working with these well-known brand customers is a testament to the Group's competitive product offerings, short lead times, competitive pricing, efficient operations, reliable delivery times and high social environmental compliance.

We believe that as our business further develops, expansion of our production facilities allows us to meet the increasing demand. The increase in our production lines also enables us to maintain our relationship with our existing customers and expand our customer base. During this Year, we continued to expand our production facilities and improve our production capacity in Cambodia.

The expansion plan of our Cambodia factory is divided into three phases. The first and the second phases of our expansion plan had been completed in March 2018 and December 2018, respectively. The third phase of our expansion plan for the warehousing space and staff accommodation on the currently unused portion of the leased land in Cambodia has commenced in May 2019 and are expected to be completed by the third quarter of 2019. We are also considering after completion of current expansion plan to continue our expansion plan in Cambodia with reference to the latest market condition from time to time. Going forward, we intend to maintain our production facilities in the PRC (for the purpose of this announcement only, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan) primarily for non-manufacturing functions such as order management, product development and raw material procurement and primarily utilise the production facilities in Cambodia for manufacturing.

Looking ahead, there is a general expectation that the global economy will have more sustained growth. However, international relations and geopolitical situation have added uncertainties to the global economic landscape. Given the challenges in the global economic outlook, the Group is prepared to continue to adopt the following strategies:

- strive to consolidate our advantages in the industry by optimising customer structure through focusing on those customers with relatively high gross profit while sifting out those customers with unsatisfactory credit history. At the same time, the credit quality of the customers will also be critically and continuously assessed based on their financial position, past payment history and subsequent settlement status to ensure that sales of products will only be made to those customers with appropriate credit histories;

- continue to diversify our customer base and capture greater market share in different markets, such as those of Europe and Asia;

- continue to enhance our operational efficiency through upgrading existing facilities and enhancing information technology infrastructure; and

- continue to recruit and train experienced staff to enhance product development support.

## FINANCIAL REVIEW

### Revenue

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

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:

| | Year ended 31 March | | | |
|---|---|---|---|---|
| | **2019** | | 2018 | |
| | ***HK$'000*** | *%* | *HK$'000* | *%* |
| | **(audited)** | | (audited) | |
| Cambodia | **606,036** | **79.8** | 487,028 | 69.8 |
| Dongguan, the PRC | **153,419** | **20.2** | 210,464 | 30.2 |
| | **759,455** | **100.0** | 697,492 | 100.0 |

The Group's revenue increased to approximately HK$759.5 million for this Year from approximately HK$697.5 million for Year 2018, representing an increase of approximately 8.9%.

The Group recorded an increase of revenue from customers in North America by approximately HK$16.6 million and was also able to make a significant growth in sales from the European customers by approximately HK$32.6 million during this Year when compared with that of Year 2018. This was mostly due to the outperformance of the European market, driven by Cambodia's favorable trade arrangements, especially by the European fast fashion brands.

The Group's strategy is to diversify its customer base by continuing to grow its business with new customers and capturing greater market share in different markets. To improve the overall quality of our customer base, those customers with unsatisfactory credit histories will be sifted out although the gross profit margin generated from those customers are generally higher than other customers.

The Group's sales to its top five customers accounted for approximately 76.2% of the total revenue for this Year, with sales to the largest customer, accounting for approximately 24.1% of the total revenue for this Year.

The Group has continued to solidify its reputation for high quality products and demonstrated its strong abilities to solicit new customers such as the well-known multinational fashion brands.

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

| | Year ended 31 March | |
|---|---|---|
| | **2019** | 2018 |
| | **(audited)** | (audited) |
| Revenue *(HK$'000)* | **759,455** | 697,492 |
| Quantities sold *(Unit'000)* | **14,067** | 13,841 |
| Average selling price *(HK$/Unit)* | **54.0** | 50.4 |

The increase in average selling price was due to the different complexity of products sold.

**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$625.3 million for this Year from approximately HK$545.2 million for Year 2018, representing an increase of approximately 14.7%.

The increase of the Group's cost of sales was higher than its sales growth during this Year. This was mainly due to (i) the sifting out of those customers with higher profit margin but with unsatisfactory credit histories; (ii) the competitive pricing offered to secure new orders and further expand our market share; and (iii) an increase in the complexity of products sold.

Such increase was partially offset by the increase in the sales of products manufactured in Cambodia to approximately 79.8% of the total revenue for this Year from approximately 69.8% for Year 2018 in order to enjoy the lower labour costs and the economies of scale.

**Gross profit and gross profit margin**

With the factors as mentioned above, the Group's gross profit decreased to approximately HK$134.1 million for this Year from approximately HK$152.3 million for Year 2018, representing a decrease of approximately 11.9%.

**Other gains, net**

The Group's other gains primarily consist of net exchange gains, gain on sales of scrap materials and fair value change of financial asset at fair value through profit or loss.

Other gains increased to approximately HK$8.1 million for this Year from approximately HK$2.9 million for Year 2018 mainly as a result of an increase in exchange gain arising from the depreciation of RMB against HK$.

**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$39.5 million for this Year from approximately HK$33.1 million for Year 2018, representing an increase of approximately 19.1%. The increase was primarily due to the increase in transportation and customs charges in line with increase in sales.

**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 decreased to approximately HK$48.7 million for this Year from approximately HK$64.0 million for Year 2018, representing a decrease of approximately 23.8%. The decrease was mainly due to the non-recurring Listing expenses of approximately HK$24.3 million incurred during Year 2018. Such decrease for this Year was partially offset by the increase in headcount and their compensation level following the expansion of our operation.

**Finance costs, net**

Net finance costs increased by approximately HK$1.5 million or approximately 65.3% from approximately HK$2.3 million for Year 2018 to approximately HK$3.8 million for this Year.

The increase was mainly due to an increase in interest expense on bills payables.

**Income tax expenses**

The Group's income tax expenses decreased by approximately HK$6.0 million or approximately 58.0% from HK$10.3 million for Year 2018 to approximately HK$4.3 million for this Year.

The decrease was mainly due to the decrease in the assessable profit for this Year. Our effective tax rate decreased from 18.4% for Year 2018 to 9.6% for this Year. The decrease in effective tax rate for this Year when compared with that of Year 2018 was mainly due to the combined result of tax holiday on assessable profits of Wah Sun HK Factory (Cambodia) Co., Ltd, a wholly-owned subsidiary of the Company, for four financial years starting from 1 January 2015 to 31 December 2018 and the expenses not deductible for tax purpose mainly due to the Listing expenses incurred during Year 2018.

**Profit for the Year**

As a result of the foregoing and the increase in provision for impairment of trade receivables by approximately HK$3.7 million from approximately HK$1.6 million for Year 2018 to approximately HK$5.3 for this year, profit for this Year decreased by approximately HK$4.9 million or 10.8% to approximately HK$40.7 million for this Year from approximately HK$45.6 million for Year 2018.

Our net profit margin decreased from 6.5% for Year 2018 to 5.4% for this Year, which was mainly due to the decrease in gross profit margin from 21.8% for Year 2018 to 17.7% for this Year.

Such decrease for this Year was partially alleviated by the non-recurring Listing expenses of HK$24.3 million incurred during Year 2018.

## FINANCIAL POSITION, LIQUIDITY AND FINANCIAL RESOURCES

**Borrowings and pledge of assets**

As at 31 March 2019, the Group had borrowings (bank borrowings and finance leases) of approximately HK$17.3 million (31 March 2018: approximately HK$20.2 million).

Bank borrowings were secured by bank deposits of approximately HK$22.5 million (31 March 2018: approximately HK$22.4 million) as at 31 March 2019.

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

**Foreign currency exposure**

The Group mainly operates in Hong Kong, Cambodia and the PRC with most of the transactions settled in HK$, US$ and RMB. Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the respective entity's functional currency.

As HK$ is pegged to US$, Management considered that the foreign exchange risk on US$ to the Group is minimal. The Group's exposure to foreign exchange risk is primarily with respect to RMB.

As at 31 March 2019 and 2018, foreign exchange risks on financial assets and liabilities denominated in other currencies were insignificant to the Group.

**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 31 March 2019, the Group had cash and cash equivalents of approximately HK$92.7 million (31 March 2018: approximately HK$108.9 million). The Group's current ratio, gearing ratio and net debt to equity ratios are as follows:

| | **31 March 2019** | 31 March 2018 |
|---|---|---|
| Current ratio | **1.8** | 1.8 |
| Gearing ratio | **7.1%** | 9.7% |
| Net debt to equity ratio | **Net cash** | Net cash |

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

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

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

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

**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 this Year.

**Future plans for material investments or capital assets**

Saved as disclosed in the Prospectus, the Group did not have other plans for material investments and capital assets as at 31 March 2019.

**Capital commitments**

As at 31 March 2019, the Group had capital expenditure contracted for but not yet incurred of approximately HK$2.2 million (31 March 2018: approximately HK$6.2 million) in respect of acquisition of property, plant and equipment.

**Contingent liabilities**

As at 31 March 2019, the Group did not have any significant contingent liabilities (31 March 2018: Nil).

**Important Events after the reporting period**

Save as recoverable amount of approximately HK$1.1 million has been received in cash in May 2019 from the Previous Customer (out of an expected total of around HK$1.3 million), there have been no other material events occurring after the reporting period and up to the date of this announcement.

## EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2019, the Group had a total of 5,060 employees (31 March 2018: 4,913). For this Year, the Group incurred staff costs, including Directors' remuneration of approximately HK$161.1 million (Year 2018: approximately HK$157.0 million).

The Company has adopted a share option scheme for the purpose of recognising and acknowledging the contributions of employees.

The remuneration policy of the senior employees of the Group was tabled and recommended by the remuneration committee of the Board (the "**Remuneration Committee**") to the Board on the basis of the employees' merit, qualifications and competence.

The remuneration of the Directors are formulated and recommended by the Remuneration Committee to the Board, having regards to the Company's operating results, individual performance of the Directors and comparable market statistics.

## USE OF NET PROCEEDS FROM THE LISTING

On the Listing Date, the issued Shares were initially listed on the Main Board of the Stock Exchange. 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 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 announcement, the amount of the Net Proceeds which has remained unutilised amounted to approximately HK$36.6 million.

Set out below are details of the revised allocation of Net Proceeds, the utilised and unutilised amount of the Net Proceeds as at the date of this announcement:

| | | **Revised allocation of Net Proceeds** *HK$ million* | **Utilised amount (as at the date of this announcement)** *HK$ million* | **Unutilised amount (as at the date of this announcement)** *HK$ million* |
|---|---|---|---|---|
| **Expansion of our production facilities in Cambodia** | **45%** | **38.5** | **19.3** | **19.2** |
| Leasing land and construction of production plant | 25% | 21.4 | 12.2 | 9.2 |
| Fitting out works | 5% | 4.3 | 2.1 | 2.2 |
| Purchasing production equipment | 15% | 12.8 | 5.0 | 7.8 |
| **Establishing a product development team in Cambodia** | **15%** | **12.8** | **4.8** | **8.0** |
| **Upgrading existing software and hardware** | **10%** | **8.5** | **5.0** | **3.5** |
| **Refurbishment of the existing facilities** | **10%** | **8.5** | **4.2** | **4.3** |
| **Installing showrooms in Dongguan and Cambodia** | **10%** | **8.5** | **6.9** | **1.6** |
| **General working capital** | **10%** | **8.5** | **8.5** | **—** |
| | 100% | 85.3 | 48.7 | 36.6 |

In particular,

(i) regarding the expansion of our production facilities in Cambodia, approximately HK$19.3 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$4.8 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$4.2 million has been used for refurbishment of the existing showroom, workshop and ancillary office as planned; and

(v) regarding installing showrooms in Dongguan and Cambodia, approximately HK$6.9 million has been used for installing showrooms in our production bases in Dongguan and Cambodia as planned.

As at 31 March 2019, the unutilised Net Proceeds was 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 Net Proceeds.

## FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK4.0 cents per ordinary Share (Year 2018: HK1.0 cent per ordinary Share), amounting to an aggregate of approximately HK$16,345,000 for this Year (Year 2018: HK$4,086,000) (the "**Proposed Final Dividend**") to the Shareholders whose names will appear on the register of members of the Company (the "**Register of Members**") on Monday, 14 October 2019.

The Proposed Final Dividend is subject to the approval by the Shareholders at the 2019 AGM. It is expected that the Proposed Final Dividend would be paid to the Shareholders on Tuesday, 29 October 2019.

## ANNUAL GENERAL MEETING

The 2019 AGM will be held on Monday, 9 September 2019. Notice of 2019 AGM will be sent to the Shareholders in July 2019.

## CLOSURE OF REGISTER OF MEMBERS

### (i) 2019 AGM

The Register of Members will be closed from Wednesday, 4 September 2019 to Monday, 9 September 2019, both days inclusive, during which period no transfer of the Shares will be registered. In order to be eligible to attend and vote at the 2019 AGM to be held on Monday, 9 September 2019, 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 Tuesday, 3 September 2019.

### (ii) Proposed Final Dividend

Conditional on the passing of the resolution approving the Proposed Final Dividend by the Shareholders at the 2019 AGM, the Register of Members will be closed for determining the Shareholders' entitlement to the Proposed Final Dividend from Thursday, 10 October 2019 to Monday, 14 October 2019, both days inclusive, during which period no transfer of the Shares will be registered. In order to qualify for the Proposed Final Dividend, non-registered Shareholders must lodge all 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, 9 October 2019.

## CORPORATE GOVERNANCE

The Company has complied with all applicable code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") during this Year and period thereafter up to the date of this announcement (the "**Period**").

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct governing 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 dealing standards as set out in the Model Code during the Period. The Model Code also applies to other specified senior management of the Group in respect of their dealings in the Company's securities.

## REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of this preliminary announcement of the Group's results for this Year have been agreed by the Company's independent auditor (the "**Independent Auditor**"), PricewaterhouseCoopers, to the amounts set out in the Consolidated Financial Statements. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently, no assurance has been expressed by PricewaterhouseCoopers on this preliminary announcement.

## REVIEW OF THE FINAL RESULTS BY THE AUDIT COMMITTEE

As at the date of this announcement, the audit committee of the Board (the "**Audit Committee**") comprises all the independent non-executive Directors (the "**INEDs**"), namely Mr. Wong Wai Keung Frederick (chairman), Mr. Lam Kwok Cheong and Mr. Yeung Chi Wai.

The Audit Committee has reviewed together with Management and the Independent Auditor the accounting principles and practices adopted by the Group and has discussed auditing, internal control and financial reporting matters, including the review of the Consolidated Financial Statements.

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

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

## PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on Hong Kong Exchanges and Clearing Limited's website at www.hkexnews.hk and the Company's website at www.wahsun.com.hk. The annual report of the Company for this Year will be despatched to the Shareholders and published on the aforesaid websites in due course.

## APPRECIATION

The Board would like to express its sincere gratitude to Management and all the staff for their hard work and dedication, as well as its Shareholders, business associates and other professional parties for their support throughout the Period.

By Order of the Board
**Wah Sun Handbags International Holdings Limited**
**Ma Hing Man**
*Chairman and Executive Director*

Hong Kong, 26 June 2019

*As at the date of this announcement, the Board comprises (i) Mr. Ma Hing Man (Chairman), Mr. Ma Hing Ming (Chief Executive Officer), Ms. Ma Lan Chu, Mr. Ma Yum Chee and Ms. Ma Lan Heung as the executive Directors; and (ii) Mr. Lam Kwok Cheong, Mr. Wong Wai Keung Frederick and Mr. Yeung Chi Wai as the INEDs.*