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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)

PROFIT WARNING ANNOUNCEMENT

This announcement is made by Wah Sun Handbags International Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**"), pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the "**Board**") of directors of the Company (the "**Directors**") wishes to inform the shareholders of the Company and potential investors of the Company that, to the best knowledge and belief of the Board and based on the information currently available to the Company and the preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 March 2021 (the "**Reporting Year**"), it is anticipated that the Group will record the net profit attributable to the owners of the Company of not more than approximately HK$6 million for the Reporting Year as compared to the net profit attributable to owners of the Company of approximately HK$11 million recorded for the year ended 31 March 2020.

The decrease in the net profit attributable to the owners of the Company was mainly attributable to the net effect of the following factors:

(i) the significant decrease in revenue by approximately HK$352 million to approximately HK$404 million for the Reporting Year from approximately HK$756 million for the year ended 31 March 2020, representing a decrease of approximately 47%. The decrease was mainly attributable to the adverse impact from the outbreak of the novel coronavirus disease 2019 (the "**COVID-19**"), which resulted in the overall sluggish atmosphere in the consumer markets of North America and the European Union, the largest markets for our products;

(ii) the corresponding decrease in gross profit and gross profit margin led by the drop in revenue as a result of the drop in the quantity of goods sold by the Group and included in cost of sales, being the fixed costs such as most of the direct labour cost in our production facilities and the depreciation of property, plant and equipment;

(iii) the temporary suspension for most of the production facilities of the Group in Cambodia during the period from end of March 2020 to early May 2020 due to the outbreak of the COVID-19, details of which please refer to the Company's announcements dated 25 March 2020 and 29 April 2020;

(iv) the reversal of provision for impairment of trade receivables of approximately HK$4.5 million has been made for the Reporting Year while provision for impairment of trade receivables of approximately HK$34.4 million was made in last year; and

(v) the reduction in selling and distribution expenses and administrative expenses when compared with the corresponding period of last year as this was mainly attributable to the drop in the level of sales activity and various cost control measures undertaken by the Group during the Reporting Year.

As the Company is still in the process of finalising the audited consolidated financial results of the Group for the Reporting Year, the information contained in this announcement is only based on the preliminary assessment by the management of the Company with reference to the unaudited consolidated management accounts of the Group for the Reporting Year, which based on information currently available to the Company and have not been confirmed, reviewed or audited by the Company's auditors or the audit committee of the Company and, therefore, such information may be subject to change. Shareholders and potential investors of the Company are advised to read carefully the results announcement of the Group for the Reporting Year which is expected to be issued in June 2021 pursuant to the requirements of the Listing Rules.

Shareholders of the Company and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

For and on behalf of
Wah Sun Handbags International Holdings Limited
Ma Hing Man
Chairman and Executive Director

Hong Kong, 4 June 2021

As at the date of this announcement, the executive Directors are 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; and the independent non-executive Directors are Mr. Lam Kwok Cheong, Mr. Wong Wai Keung Frederick and Mr. Yeung Chi Wai.