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 2021

The board of directors (the "**Board**" and the "**Directors**", 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 2021 ("**this Year**") together with the comparative figures for the year ended 31 March 2020 ("**Year 2020**").

HIGHLIGHTS

- Revenue for this Year decreased by approximately 46.6% to approximately HK$403.8 million (Year 2020: approximately HK$756.2 million);

- Gross profit for this Year decreased by approximately 47.6% to approximately HK$67.2 million (Year 2020: approximately HK$128.3 million);

- Gross profit margin for this Year decreased by approximately 0.4% to approximately 16.6% (Year 2020: approximately 17.0%);

- Reversal of impairment of trade receivables for this Year of approximately HK$4.5 million (Year 2020: Impairment of trade receivables of approximately HK$34.4 million);

- Net profit for this Year attributable to owners of the Company decreased by approximately 49.8% to approximately HK$5.6 million (Year 2020: approximately HK$11.1 million);

- Earnings per share attributable to owners of the Company decreased by approximately HK1.3 cent to approximately HK1.4 cent (Year 2020: approximately HK2.7 cents);

- The Board has resolved to recommend the payment of a final dividend of HK0.5 cent per ordinary share (each a "**Share**" and collectively the "**Shares**") (Year 2020: HK1.0 cent per Share) and a special dividend of HK1.5 cent per Share (Year 2020: HK1.0 cent per Share) for this Year.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2021

	Notes	Year ended 31 March **2021** *HK$'000*	2020 *HK$'000*
Revenue	4	**403,843**	756,152
Cost of sales	5	**(336,632)**	(627,840)
Gross profit		**67,211**	128,312
Other income	4	**37**	3
Other (losses)/gains, net	4	**(4,197)**	7,226
Selling and distribution expenses	5	**(21,715)**	(32,224)
Administrative expenses	5	**(34,709)**	(50,150)
Reversal of impairment/(impairment of) trade receivables	12	**4,497**	(34,399)
Operating profit		**11,124**	18,768
Finance income	6	**330**	862
Finance costs	6	**(2,243)**	(4,872)
Finance costs, net		**(1,913)**	(4,010)
Profit before income tax		**9,211**	14,758
Income tax expenses	7	**(3,649)**	(3,672)
Profit for the year attributable to owners of the Company		**5,562**	11,086
		HK cents	*HK cents*
Basic and diluted earnings per share for profit attributable to owners of the Company	9	**1.4**	2.7

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Year ended 31 March	
	2021	2020
	HK$'000	*HK$'000*
Profit for the year attributable to owners of the Company	**5,562**	11,086
Other comprehensive income/(loss):		
Item that may be reclassified subsequently to profit or loss		
– Currency translation differences	**705**	(619)
Total comprehensive income for the year attributable to owners of the Company	**6,267**	10,467

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

		As at 31 March	
		2021	2020
	Notes	***HK$'000***	*HK$'000*
ASSETS			
Non-current assets			
Right-of-use assets	10	**23,877**	26,072
Property, plant and equipment		**46,584**	52,613
Financial asset at fair value through profit or loss		**1,290**	1,251
Deferred income tax assets		**1,046**	2,254
Prepayment for plant and equipment	12	**–**	76
		72,797	82,266
Current assets			
Inventories	11	**113,489**	103,867
Trade receivables	12	**42,182**	92,739
Prepayments, deposits and other receivables	12	**8,684**	13,906
Current income tax recoverable		**2,657**	939
Pledged bank deposits		**23,618**	23,432
Cash and cash equivalents		**110,720**	84,511
		301,350	319,394
Total assets		**374,147**	401,660

	Notes	As at 31 March **2021** ***HK$'000***	 2020 *HK$'000*
EQUITY			
Equity attributable to owners of the Company			
Share capital		**4,086**	4,086
Share premium		**109,611**	109,611
Exchange reserve		**2,620**	1,915
Capital reserve		**21,656**	21,656
Retained earnings			
– Proposed dividends	8	**8,172**	8,172
– Others		**89,846**	92,456
Total equity		**235,991**	237,896
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**97**	669
Lease liabilities	10	**22,498**	24,377
		22,595	25,046
Current liabilities			
Trade and bills payables	13	**87,493**	117,128
Accruals and other payables	13	**24,542**	14,495
Current income tax liabilities		**1,647**	1,245
Lease liabilities	10	**1,879**	1,820
Borrowings		**–**	4,030
		115,561	138,718
Total liabilities		**138,156**	163,764
Total equity and liabilities		**374,147**	401,660

NOTES

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 29 May 2017 as an exempted limited liability company under Companies Act (Cap. 22 Act 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 situated at 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 are principally engaged in the manufacture and trading of hand-bag products. The ultimate holding company of the Company is Wah Sun International Holdings Limited, a company 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 an acting in concert deed.

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

The 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 asset at fair value through profit or loss which is measured at fair value.

The preparation of the Consolidated Financial Statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(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 its financial year commencing on 1 April 2020:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Hedge Accounting
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

The Group has early adopted Amendment to HKFRS 16 – COVID-19-Related Rent Concessions retrospectively from 1 April 2020. The amendment provides an optional practical expedient allowing lessees to elect not to assess whether a rent concession related to coronavirus disease 2019 (the "**COVID-19**") is a lease modification. Lessees adopting this election may account for qualifying rent concessions in the same way as they would if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met: a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; b) any reduction in lease payments affects only payments due on or before 30 June 2021; and c) there is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient to all qualifying COVID-19 related rent concessions totalling HK$744,000, which have been accounted for as negative variable lease payments and recognised in cost of sales in the consolidated income statement for the year ended 31 March 2021, with a corresponding adjustment to the lease liabilities. There is no impact on the opening balance of equity as at 1 April 2020.

All other amendments to standards and interpretation listed above do not have a significant impact on the Group's accounting policies.

(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 on 1 April 2020 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to Annual Improvements Project	Annual improvements of HKFRSs 2018–2020	1 January 2022
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope amendments	1 January 2022
HKFRS 17	Insurance contracts	1 January 2023
Amendments to HKAS 1	Classification of liabilities as current or non-current	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 and amendments to standards is expected to have a material impact on the Consolidated Financial Statements in the current or future reporting periods and or foreseeable future transactions.

3. 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 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 is 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 the 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 analysis of revenue by geographical area is as follows:

	As at 31 March	
	2021	2020
	HK$'000	*HK$'000*
The United States of America ("**USA**" or "**US**")	**302,800**	575,691
Spain	**14,836**	44,458
Canada	**18,871**	28,912
Other countries	**67,336**	107,091
	403,843	756,152

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

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

	As at 31 March	
	2021	2020
	HK$'000	*HK$'000*
The People's Republic of China ("**PRC**")	**12,384**	13,611
Hong Kong	**740**	1,111
Kingdom of Cambodia ("**Cambodia**")	**57,337**	64,039
	70,461	78,761

Information about major customers

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

	As at 31 March	
	2021	2020
	HK$'000	*HK$'000*
Customer A	**101,807**	155,008
Customer B	**85,100**	135,138
Customer C	**55,338**	116,382
Customer D	**52,711**	103,529
	294,956	510,057

4. REVENUE, OTHER INCOME AND OTHER (LOSSES)/GAINS, NET

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

	As at 31 March	
	2021	2020
	HK$'000	*HK$'000*
Revenue:		
Sales of goods	**403,843**	756,152

Revenue of HK$75,000 (2020: HK$604,000) recognised for the year ended 31 March 2021 relates to carried-forward contract liabilities in the prior year.

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

	Year ended 31 March	
	2021	2020
	HK$'000	*HK$'000*
Other income:		
Sundry income	**37**	3
Other (losses)/gains, net:		
Net exchange (losses)/gains	**(4,468)**	6,542
Gain on sales of scrap materials	**232**	647
Fair value change of financial asset at fair value through profit or loss	**39**	37
	(4,197)	7,226
	(4,160)	7,229

5. EXPENSES BY NATURE

	Year ended 31 March	
	2021	2020
	HK$'000	*HK$'000*
Cost of inventories sold	**172,033**	349,884
Sub-contracting charges	**67,051**	130,822
Transportation and customs charges	**16,815**	28,128
Lease rental in respect of land and building *(Note 10)*	**354**	473
Employee benefit expense	**101,601**	161,161
Auditor's remuneration		
– Audit services	**1,720**	1,780
Travelling expenses	**1,108**	835
Entertainment expenses	**812**	971
Depreciation of property, plant and equipment	**6,934**	9,040
Depreciation of right-of-use assets *(Note 10)*	**2,195**	2,193
Legal and professional fees	**3,155**	3,572
Utilities	**3,375**	4,230
Repairs and maintenance	**401**	649
Donations	**46**	167
Other expenses	**15,456**	16,309
Total cost of sales, selling and distribution expenses and administrative expenses	**393,056**	710,214

6. FINANCE COSTS, NET

	Year ended 31 March	
	2021	2020
	HK$'000	*HK$'000*
Finance costs:		
– Interest expense on bank borrowings	**(68)**	(452)
– Interest expense on bills payable	**(1,019)**	(3,206)
– Interest expense on lease liabilities	**(1,156)**	(1,214)
	(2,243)	(4,872)
Finance income:		
– Interest income on bank deposits	**330**	862
Finance costs, net	**(1,913)**	(4,010)

7. INCOME TAX EXPENSES

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

	Year ended 31 March	
	2021	2020
	HK$'000	*HK$'000*
Current income tax:		
– Hong Kong profits tax	**3,944**	2,004
– Overseas taxation	**6**	3,285
Over-provision in prior years	**(1,078)**	(25)
	2,872	5,264
Deferred income tax	**777**	(1,592)
	3,649	3,672

Hong Kong profits tax has been provided at the rate of 16.5% (Year 2020: 16.5%) for the year ended 31 March 2021 on the estimated assessable profit, except for the first HK$2,000,000 of a qualified entity's assessable profit which is calculated at 8.25% (Year 2020: 8.25%), in accordance with the two-tiered tax rate regime with effect from the year of assessment 2018/2019. 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.

Cambodia corporate income tax has been provided at the rate of 20% (Year 2020: 20%) on the estimated assessable profit for this Year. Subsidiaries incorporated in PRC is subject to PRC corporate income tax based on the statutory income tax rate of 25% for this Year (Year 2020: 25%).

8. DIVIDENDS

The Board has recommended the payment of a final dividend of HK0.5 cent per Share (Year 2020: HK1.0 cent per Share), a special dividend of HK1.5 cent per Share (Year 2020: HK1.0 cent per Share) amounting to an aggregate of approximately HK$8,172,000 (Year 2020: HK$8,172,000) for the year ended 31 March 2021. The proposed final dividend and the proposed special dividend for this Year are subject to the approval by the shareholders of the Company (the "**Shareholders**") in the forthcoming annual general meeting of the Company. These consolidated financial statements do not reflect this dividend payable.

	Year ended 31 March	
	2021	2020
	HK$'000	*HK$'000*
Proposed final dividend of HK0.5 cent (Year 2020: HK1.0 cent) per Share	**2,043**	4,086
Proposed special dividend of HK1.5 cent (Year 2020: HK1.0 cent) per Share	**6,129**	4,086
	8,172	8,172

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.

	Year ended 31 March	
	2021	2020
Profit attributable to owners of the Company *(HK$'000)*	**5,562**	11,086
Weighted average number of shares in issue (thousands shares)	**408,626**	408,626
Basic earnings per share *(HK cents)*	**1.4**	2.7

(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 2021 (31 March 2020: Nil).

10. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	As at	
	31 March 2021	31 March 2020
	HK$'000	*HK$'000*
Right-of-use assets		
Land under non-cancellable operating leases	**23,659**	25,810
Land use rights	**218**	262
	23,877	26,072
Lease liabilities		
Current	**1,879**	1,820
Non-current	**22,498**	24,377
	24,377	26,197

(b) Amounts recognised in the consolidated income statement

The consolidated income statement shows the following amounts relating to leases:

	Year ended 31 March	
	2021	2020
	HK$'000	*HK$'000*
Depreciation of right-of-use assets		
Land under non-cancellable operating leases	**(2,151)**	(2,149)
Land use rights	**(44)**	(44)
	(2,195)	(2,193)
Interest expense *(Note 6)*	**(1,156)**	(1,214)
Expense relating to short-term leases (included in administrative expenses)	**(354)**	(473)

The total cash outflow for leases for the year ended 31 March 2021 was approximately HK$2,232,000 (31 March 2020: approximately HK$2,976,000).

Note: As at 31 March 2021, the Group recognised right-of-use assets of HK$23,659,000 (31 March 2020: HK$25,810,000) and lease liabilities of HK$24,377,000 (31 March 2020: HK$26,197,000) in respect of a lease entered into with a related party with a payment of lease liabilities of HK$2,232,000 (Year 2020: HK$2,976,000).

11. INVENTORIES

	As at 31 March	
	2021	2020
	HK$'000	*HK$'000*
Raw materials	**48,944**	22,909
Work-in-progress	**46,881**	63,871
Finished goods	**17,664**	17,087
	113,489	103,867

The cost of inventories recognised as expense and included in "cost of sales" in the consolidated income statement amounted to HK$172,033,000 (31 March 2020: HK$349,884,000) for the year ended 31 March 2021.

12. TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 March	
	2021	2020
	HK$'000	*HK$'000*
Trade receivables	**79,506**	134,560
Less: provision for impairment of trade receivables	**(37,324)**	(41,821)
Trade receivables, net	**42,182**	92,739
Deposits	**1,097**	1,167
Prepayments	**2,889**	3,489
Value-added tax recoverable	**4,693**	9,030
Other receivables	**5**	296
	8,684	13,982
Less: non-current portion		
Prepayment for plant and equipment	**–**	(76)
Current portion	**8,684**	13,906

The maximum exposure to credit risk as at 31 March 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 trade and other receivables excluding prepayments and value-added tax recoverable approximate their fair values.

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

	As at 31 March	
	2021	2020
	HK$'000	*HK$'000*
United States dollar ("**US$**")	**43,021**	93,578
HK$	**258**	544
Renminbi ("**RMB**")	**5**	80
	43,284	94,202

Note:

Trade receivables

The credit terms of trade receivables generally range from 30 to 90 days from the invoice date. As at 31 March 2021, the ageing analysis of the gross trade receivables based on the invoice date is as follows:

	As at 31 March	
	2021	2020
	HK$'000	*HK$'000*
Within 30 days	**30,081**	25,075
31 to 60 days	**9,413**	49,013
61 to 90 days	**5,325**	31,676
Over 90 days	**34,687**	28,796
	79,506	134,560

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

	As at 31 March	
	2021	2020
	HK$'000	*HK$'000*
Beginning of the year	**41,821**	7,422
(Reversal of)/provision for impairment	**(4,497)**	34,399
End of the year	**37,324**	41,821

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

13. TRADE AND BILLS PAYABLES, ACCRUALS AND OTHER PAYABLES

	As at 31 March	
	2021	2020
	HK$'000	*HK$'000*
Trade payables	**63,999**	64,394
Bills payable	**23,494**	52,734
	87,493	117,128
Accruals and other payables		
– Accrued salaries	**10,866**	9,220
– Other accruals and payables	**13,372**	5,200
– Contract liabilities	**304**	75
	24,542	14,495
	112,035	131,623

As at 31 March 2021, the carrying amounts of trade and bills payables, accruals and other payables approximate their fair values.

Notes:

(a) Trade and bills payables

As at 31 March 2021, the ageing analysis of the trade and bills payables based on invoice date is as follows:

	As at 31 March	
	2021	2020
	HK$'000	*HK$'000*
Within 30 days	**44,496**	29,251
31 to 60 days	**7,570**	16,464
61 to 90 days	**14,530**	47,021
Over 90 days	**20,897**	24,392
	87,493	117,128

14. EVENT AFTER THE REPORTING PERIOD

The production facilities of the Group in Cambodia have been temporary suspended for a period of 14 days from 15 to 28 May 2021 (the "**Temporary Suspension**"). The management of the Company (the "**Management**") considers that the Temporary Suspension has no material impact on the Group's financial position since the delays in scheduled fulfillment of orders were communicated and agreed with respective customers with no penalty being imposed.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

Since early March 2020, the outbreak of COVID-19 (the "**COVID-19 Outbreak**") almost paralyzed the daily lives of consumers, and the global economic growth has been severely affected by it. Among all sectors, the retail consumption industry bore the brunt and the impact was particularly severe. The COVID-19 Outbreak inevitably triggered consumer panic. The uncertain geopolitical situation also made the global economy unpredictable and retail consumer sentiment further weakened.

The COVID-19 Outbreak occurred worldwide and has also led to significant disruption to the consumer markets of North America and the European Union (the "**EU**") which are the largest markets of the Group's products. Some of the shipments to North America and the EU have been deferred at the requests of the Group's customers in view of the COVID-19 Outbreak in their countries. The operating environment of the Group has been adversely affected due to the COVID-19 Outbreak, and the principal production facilities of the Group in Cambodia (the "**Cambodian Production Facility**") was temporarily suspended during the period from the end of March 2020 to early May 2020 as a result of lockdown.

Risks associated with the Group's business are further enlarged due to the trade dispute between the PRC and the USA which has persisted with occasional confrontations flaring up. Consumer sentiment is therefore expected to be further battered.

This Year, the handbag industry experienced an exceptional recessive period. In mid-May 2020, two of our top five customers located in North America, which in aggregate accounted for approximately 34% of the total revenue of the Group for Year 2020, had filed voluntary petitions for relief under the United States Bankruptcy Code in the United States Bankruptcy Court. The resumption of trade in a smaller scale of these two customers and the more cautious approach of other customers in placing orders since the COVID-19 Outbreak saw the revenue of the Group decreased dramatically by approximately HK$352.4 million or 46.6% to approximately HK$403.8 million for this Year from approximately HK$756.2 million for Year 2020. The Group's sales were still predominantly made to North America, accounting for approximately 80% of total revenue for this Year (Year 2020: approximately 80%).

In response to the difficult business environment, the Group had executed a series of cost control measures, which included but not limited to, actively negotiating with landlords for rental reductions and seeking more favourable terms with suppliers and business partners. Consents for rent reductions had been obtained for some of the offices and land occupied by the Group with 50% rental reductions for the six-month period from April to September 2020.

Since the COVID-19 Outbreak. the Group has acted responsibly and undertook the necessary precautionary and preventive measures across its production facilities in the fight against COVID-19 Outbreak. However, in the week of 10 May 2021, some of the employees at the production facilities of the Group in Cambodia have 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 detection of 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. In addition, testing of COVID-19 has also been conducted with 14 days quarantine for those employees who have closely worked with the confirmed cases. During the Temporary Suspension, the Group offered about 3,700 employees for testing by the Cambodian Ministry of Health and about 200 in total were found to be positive. Given the alleviating situation with COVID-19, following the inspection by and as agreed with the relevant department of the Cambodian government, the Cambodian Production Facility reopened on 31 May 2021.

Looking ahead, there is a general expectation that the global economy will recover gradually following the COVID-19 Outbreak showing positive signs of containment with the introduction and administration of vaccines. However, the continuing effectiveness of various vaccines to deal with the COVID-19 Outbreak and international relations have added uncertainties to the global economic landscape. Given the challenges in the global economic outlook, the Group is prepared to use its best endeavours to tap into new opportunities under this challenging business environment. The Group plans to continue to leverage its leading market position and high-quality services to maintain relationships with its existing customers and to attract new internationally well-known customers. The Group believes that the Group's strength to adapt in accommodating variations in customer requirements and fulfilling large orders on short notice has bred loyalty amongst its customers. Cost optimisation is also one of the Group's key strategies to maintain considerable returns. Despite rising labour costs and keener competition, the Group will continue to improve itself to meet the higher requirements of both existing and new customers, which include sourcing high quality raw materials at competitive prices, upgrading production facilities, continuing to optimise and streamline production procedures to boost competitiveness and satisfying customers' demands.

INDUSTRY OVERVIEW

Global non-leather products market

The global non-leather products market has witnessed strong growth owing to the rising awareness about animal cruelty and strict regulatory policies issued by the government and regulatory authorities.

Non-leather products refer to products that are not made of animal leather materials, such as synthetic leather, leatherette, vegan leather and PU leather. Non-leather products are basically cruelty-free products prepared with various chemicals using different industrial processes and may incorporate synthetic leather and vegan leather, which is produced up of backcloth, cork, recycled ultra-suede, glazed cotton, paper, PET, and polyurethane. These non-leather materials including artificial leather are essentially promoted to improve animal safety and eliminate animal cruelty, and are also more affordable than their leather counterparts.

In recent years, global demand has witnessed a rapid upsurge shift because of the increasing applications across different end-user application industries such as clothing, bags, automotive, and furnishing among others. Manufacturers have been increasing the number of their sources of supply, turning particularly to suppliers in the Asia Pacific region. Countries such as the PRC and the Socialist Republic of Vietnam have been the principal areas of attraction because of the availability of huge amounts of raw materials and cheaper freight and labor expenses.

However, the COVID-19 Outbreak across the globe has negatively impacted the overall market demand for non-leather products. This is mainly due to the precautionary and safeguarding measures executed by different countries in order to decrease the range of effect of the virus, which thus led to a decrease in overall consumer demand as well as the trade of non-leather products across the globe and is anticipated to have an inhibiting continuous impact on the market's entire development in the upcoming years.

Global handbags market

The global handbags market is driven by the rising fashion industry, with handbags being a major fashion statement. In addition, the increasing social media influence on consumers is responsible for the inclination of potential consumers toward the market. Since the majority of the global young adult population is engaged in these social media platforms, handbag companies are targeting their product range at this age group.

Since the COVID-19 Outbreak has forced a major part of the population of the world to stay at home owing to travel restrictions and lockdown, the fashion apparel and accessories industry has been hit hard by the pandemic as offline retail stores and shopping outlets were forced to shut down for a significant duration of this Year. A large portion of potential consumers limited their spending on fashion accessories and apparel which directly impacted the sales revenues of the top big brands in the handbags market. However, as the pandemic situation is gradually improving, the spending patterns of consumers have strengthened and the market is expected to regain its potential as the economies of the developing nations improve.

During this Year, it became clear that it was important that both digital and physical channels for purchasing were made available to meet customers' needs. When the retail stores were temporarily closed due to the COVID-19 Outbreak, retailers have focused more on redirecting product flow to their digital channels, which remained open at all times in nearly all their online markets. It is expected that the positive development of online sales will continue and become one of the key elements contributing to the market's growth in the future.

THE MACROSCOPIC ENVIRONMENT

The economic landscape was dominated by the COVID-19 Outbreak for much of 2020 and the pandemic and its economic impact is expected to remain the dominating factor of 2021. The pandemic contributed to an increasingly fragmented trade and regulatory environment, and impacted business sentiment during a period of heightened existing PRC-USA tensions and trade negotiations between the United Kingdom and the EU. Tensions in PRC-USA relations could have potential ramifications for the Group and its customers, some of which have manifested themselves through actions taken by the USA and the PRC governments in 2020 and early 2021. These tensions may affect the Group as a result of the impact of sanctions, including sanctions that impact the Group's customers, as well as regulatory, reputational and market risks. The USA has imposed a range of sanctions and trade restrictions on Chinese companies, focusing on entities which the USA believes are involved in human rights violations, information technology and communications equipment and services, and military activities, among others. In response, the PRC has announced a number of sanctions and trade restrictions that target or provide authority to target foreign officials and companies, including those in the USA. It remains unclear the extent to which the new USA administration will affect the current geopolitical tensions following the inauguration of President Biden. The Group will continue to monitor the latest market environment to thoughtfully manage its risk exposure.

Temporary withdrawal of trade preferences by the EU effective from 12 August 2020

Established in 2001, Everything But Arms (the "**EBA**") gives 49 of the world's poorest countries (the "**Least Developed Countries**"), including Cambodia, duty-free access to the EU markets. Pursuant to the EBA scheme, which is part of the EU's Generalised Scheme of Preferences (the "**EU GSP**") program, it allows vulnerable developing countries to pay fewer or no duties on exports to the EU, giving them vital access to the EU markets and contributing to their growth. The EBA scheme unilaterally grants the world's Least Developed Countries duty-free and quota-free access to the EU for all products (except arms and ammunition), as defined by the United Nations (the "**UN**").

The regulations of the EU GSP provide that trade preferences may be suspended in case of "serious and systematic violation of principles" laid down in the international human rights and labour rights conventions. The conditions and the procedures of the temporary withdrawal of tariff preferences are described in Article 19 of the EU GSP. The possibility of temporary, full, or partial withdrawal is foreseen in the event of serious and systematic violations of 15 core UN and International Labour Organisation (the "**ILO**") Conventions.

In November 2019, the European Commission of the EU (the "**European Commission**") submitted to Cambodia, in accordance with Article 19(7) of the regulations of the EU GSP, a report on its findings and conclusions (the "**Findings Report**"). The Findings Report was based on the body of evidence gathered by the European Commission up to 31 October 2019 concerning in respect of the principles laid down in the four core human and labour rights under the UN/ILO conventions, including evidence and information submitted by Cambodia and by the third parties to the procedures.

Given the facts and considerations described in the Findings Report, the nature of the rights infringed, and the duration, scale and the impact of Cambodia's actions and omission, the European Commission finds serious and systematic violations by Cambodia of the principle laid down in Articles 19, 21, 22 and 25 of the International Covenant on Civil and Political Rights (1996).

On 12 February 2020, having considered Cambodia's comments and views on the Findings Report in December 2019, the European Commission decided that the preferential arrangement granted to Cambodia for certain products, including handbags, originating in Cambodia should be withdrawn temporary until it is decided that the reasons for justifying the withdrawal no longer apply. Unless the European Parliament and the Council of the EU object, this would take effect on 12 August 2020.

As no objection was received from the European Parliament and the Council of the EU, the trade preferences by the EU has been withdrawn starting from 12 August 2020. Sales to the EU region represented approximately 12% of total revenue recorded for this Year (Year 2020: approximately 12%).

The potential implication arising from the temporary withdrawal of trade preferences by the EU, which will potentially adversely affect the Group's revenue and profitability, is being actively monitored.

Nevertheless, the Directors believe that Cambodia is still expected to remain one of the preferred manufacturing locations for its customers from the European markets due to the relatively low labour costs of Cambodia when compared with some of the other Southeast Asian countries. Besides, the Directors consider that competition in the handbag OEM industry is based on various factors, including quality of products, product development and price. With the Group's experienced management team, long-standing history and good reputation in the industry, well-established quality control system and stable business relationships with its customers, the Directors believe that the Group has a competitive advantage over its competitors.

The extension of the Generalised System of Preferences program of USA (the "US GSP") is subject to re-authorization by the US Congress upon expiration on 31 December 2020

The US GSP is a trade program of the USA designed to promote economic growth in developing countries by providing preferential duty-free entry for up to 5,000 products to designated states and territories. The US GSP is not a trade agreement, but rather a benefit offered to less economically developed countries, allowing these countries to increase and diversify their trade with the USA.

Under the US GSP program, all eligible goods to the USA from all beneficiary countries and territories under the program including Cambodia are exempted from import tariffs. On 23 March 2018, Donald John Trump, the then president of the USA, signed the omnibus spending bill that includes the extension of the US GSP program for three years covering the period from 1 January 2018 to 31 December 2020, and the US GSP program expired on 31 December 2020, accordingly. As at the date of this announcement, the extension of the US GSP program has yet to be re-authorized by the US Congress.

PROSPECT

Looking ahead to the upcoming financial years, the increase in complicated and unpredictable geopolitics and related uncertainty may continue to shadow the outlook of the global economy, which will further undermine investment and consumer confidence. Although the global economy has improved steadily and consumption is expected to gradually recover, the external economic situation has not seen a rebound. The COVID-19 Outbreak would still have a profound impact on the overall consumer market, slowing the consumption recovery of handbag and other non-essential products.

Going forward, the Group expects that changes in consumption patterns after the market recovers from the COVID-19 Outbreak will accelerate the online and offline integration of the retail industry and bring about a balance in the overall sales network. The Group will provide strong support to its customers in the development of consumption behaviours and market demand. The Group believes that progressing with time is the key to maintaining its competitiveness. Regarding production capacity, the Group will continue to leverage on its economies of scale and further enhance its manufacturing efficiency and production flexibility, so as to achieve seamless production and respond more precisely to changes in market demand.

There is no doubt this Year was a particularly challenging year in the Group's history, but the Directors are nevertheless encouraged by the organizational progress the Group has made to address the challenges in the short-term, and prepare the Group to prevail over the longer term.

FINANCIAL REVIEW

Revenue

The Group's revenue is generated principally from the manufacturing and sales of handbags, net of returns and discounts and derived from a single segment with different production bases, which decreased to approximately HK$403.8 million for this Year from approximately HK$756.2 million for Year 2020, representing a decrease of approximately 46.6%. The Group recorded a decrease in revenue from customers in the USA by approximately HK$272.9 million from approximately HK$575.7 million for Year 2020 to approximately HK$302.8 million for this Year. This was mainly due to the COVID-19 Outbreak which caused significant disruption to the global consumer market and temporary suspension of the Cambodian Production Facility, the Group's principal production facilities in Cambodia during the period from end of March 2020 to early May 2020.

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

	Year ended 31 March			
	2021		2020	
	HK$'000	***%***	*HK$'000*	*%*
Cambodia	**380,211**	**94.1**	678,234	89.7
Dongguan, the PRC	**23,632**	**5.9**	77,918	10.3
	403,843	**100.0**	756,152	100.0

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. The Group's sales to its top five customers accounted for approximately 81% of the total revenue for this Year, with sales to the single largest customer accounting for approximately 25% 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 including well-known multinational fashion brands.

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

	Year ended 31 March	
	2021	2020
Revenue *(HK$'000)*	**403,843**	756,152
Quantities sold *(Unit'000)*	**6,650**	12,663
Average selling price *(HK$/Unit)*	**60.7**	59.7

The increase in average selling price was due to the different complexity of products sold which affects the selling price of the Group's products.

Cost of sales

The Group's cost of sales primarily consisted of (i) costs of raw materials consumed; (ii) labour costs; (iii) sub-contracting charges; and (iv) others, which decreased to approximately HK$336.6 million for this Year from approximately HK$627.8 million for Year 2020, representing a decrease of approximately 46.4%. The decrease in terms of percentage of the Group's cost of sales was slightly less than that of the sales drop for Year 2020, mainly due to the decrease in quantities sold by the Group, the inclusion of fixed costs such as most of the direct labour cost in the Group's production facilities and the depreciation of property, plant and equipment in cost of sales.

Gross profit

With the contributing factors as mentioned above, the Group's gross profit decreased to approximately HK$67.2 million for this Year from approximately HK$128.3 million for Year 2020, representing a decrease of approximately 47.6%.

Other (losses)/gains, net

The Group's other (losses)/gains primarily consisted of (i) net exchange losses of HK$4.5 million (Year 2020: net exchange gains of HK$6.5 million) mainly arising from the appreciation of RMB against HK$; and (ii) gain on sales of scrap materials of HK$0.2 million (Year 2020: HK$0.6 million).

Selling and distribution expenses

The Group's selling and distribution expenses primarily consisted of transportation, customs charges, product testing and inspection fees, which decreased to approximately HK$21.7 million for this Year from approximately HK$32.2 million for Year 2020, representing a decrease of approximately 32.6%, primarily due to the decrease in transportation and customs charges, which is mainly as a result of a drop in the level of sales activity and the Group's cost control measures.

Administrative expenses

The Group's administrative expenses primarily consisted 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, which decreased to approximately HK$34.7 million for this Year from approximately HK$50.2 million for Year 2020, representing a decrease of approximately 30.8%, mainly due to various cost control measures implemented during this Year in response to the COVID-19 Outbreak.

Reversal of impairment of trade receivables

As at 31 March 2021, the Group assessed the recoverability of trade receivables under the impairment model of HKFRS 9 and considered whether there was any increase in credit risk of each individual receivable balance. The assessment took into 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 its customers would likely be exposed to under the macro-economic environment. During this Year, approximately HK$4 million of the total outstanding balance of approximately HK$9 million, which was fully provided for in Year 2020, has been settled. The customer in question was one of the Group's top five customers, which filed a voluntary petition for relief under the United States Bankrupt Code in the United States Bankrupt Court in May 2020.

Based on the latest information made available to the Board as at the date of this announcement, the reversal of impairment of trade receivables, determined by way of the expected credit loss model, of approximately HK$4.5 million has been made and credited to the consolidated income statement of the Group as an income for this Year.

Finance costs, net

The Group's net finance costs decreased by approximately HK$2.1 million or approximately 52.3% from approximately HK$4 million for Year 2020 to approximately HK$1.9 million for this Year, mainly due to the decrease in average bank borrowings for this Year.

Income tax expenses

The Group's income tax expenses decreased by approximately HK$0.1 million or approximately 0.6% from HK$3.7 million for Year 2020 to approximately HK$3.6 million for this Year.

Profit for the year

As a result of the foregoing, the Group's profit for this Year decreased by approximately HK$5.5 million or 49.8% to approximately HK$5.6 million for this Year from approximately HK$11.1 million for Year 2020.

The Group's net profit margin decreased from 1.5% for Year 2020 to 1.4% for this Year, which was mainly due to the decrease in gross profit margin from 17.0% for Year 2020 to 16.6% for this Year.

FINANCIAL POSITION, LIQUIDITY AND FINANCIAL RESOURCES

Borrowings and pledge of assets

As at 31 March 2021, the Group had no bank borrowings (31 March 2020: approximately HK$4 million).

Banking facilities were secured by bank deposits of approximately HK$23.6 million (31 March 2020: approximately HK$23.4 million) as at 31 March 2021.

The Group aims to maintain flexibility in its funding by keeping sufficient bank balances, committed credit lines available and interest-bearing borrowings, which enable the Group to continue to finance its business in 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$, the Management considers that the foreign exchange risk on US$ to the Group is minimal. The Group's exposure to foreign exchange risk is primarily with respect to RMB.

As at 31 March 2021, foreign exchange risks on financial assets and liabilities denominated in other currencies were insignificant to the Group, and therefore, the Group did not have any hedging activities during this Year.

Working capital management

The Group is committed to maintaining a sound financial policy and 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 a sustainable and stable dividend return to the Shareholders.

Liquidity ratios

As at 31 March 2021, the Group had cash and cash equivalents of approximately HK$110.7 million (31 March 2020: approximately HK$84.5 million). The Group's current ratio, gearing ratio and net debt to equity ratios are as follows:

	31 March 2021	31 March 2020
Current ratio	**2.6**	2.3
Gearing ratio	**N/A**	1.7%
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 a net cash position and healthy current and gearing ratios for this Year, 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 of the Company dated 10 January 2018, the Group did not have other plans for material investments and capital assets as at 31 March 2021.

Capital commitments

As at 31 March 2021, the Group had no capital expenditure contracted for but not yet incurred (31 March 2020: approximately HK$0.2 million) in respect of acquisition of property, plant and equipment.

Contingent liabilities

As at 31 March 2021, the Group did not have any significant contingent liabilities (31 March 2020: Nil).

Important event after the reporting period

Save for the Cambodian Production Facility having been temporary suspended for a period of 14 days from 15 to 28 May 2021 as a result of the COVID-19 Outbreak (details of which are set out in the announcements of the Company dated 14 and 28 May 2021), there has been no material event occurring after the reporting period and up to the date of this announcement.

ENVIRONMENTAL POLICY

The Group understands that its business has an impact on the environment and recognises the importance of sound environmental management practices and sustainable business operations. Committed to meeting all environmental standards and policies, there was no material incidence of non-compliance with the relevant environmental laws and regulations throughout this Year that had a significant impact on the Group. The Group's environmental, social and governance (the "**ESG**") strategies are built on the core principle and practical objective of "Safety, Quality and Environmental Sustainability", providing ESG management guidelines for daily operations. ESG policies and strategies will be reviewed on a regular basis to ensure that their related contents are appropriate and applicable to the business of the Group.

Currently, the Group has not set any target on the reduction of emission or non-hazardous waste as these factors are easily affected by the product volume and the method of production. The Group will perpetually adjust its production plan to satisfy its customers' order on one hand and maximise the efficiency of utilities and other resources consumption ratio on the other hand, having regard to the importance of sound environmental management practices and sustainable business operations. During this Year, the Group did not produce any hazardous waste in its production plants. In addition, most of the Group's non-hazardous wastes are collected and sold to third parties for other use.

EMPLOYEE AND REMUNERATION POLICY

As at 31 March 2021, the Group employed a total of 3,826 employees (31 March 2020: 4,655 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 this Year, the staff costs (including Directors' emoluments) amounted to approximately HK$101.6 million (Year 2020: approximately HK$161.2 million).

In order to provide incentive or 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 (the "**Share Option Scheme**") on 2 January 2018 (the "**Adoption Date**"), under which it may grant options to eligible persons.

No share option has been granted by the Company or agreed to be granted under the Share Option Scheme since the Adoption Date and up to the date of this announcement. Therefore, no share options lapsed or were exercised or cancelled during this Year and there were no outstanding share options as at 31 March 2021.

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 regard to the Group's operating results, individual performance of the Directors and comparable market statistics.

USE OF NET PROCEEDS FROM THE LISTING

The Shares in issue were initially listed on the Main Board of the Stock Exchange on 22 January 2018. A total of 108,626,000 Shares were issued to the public at HK$1.18 per Share for 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.

The table below sets out the revised allocation of the Net Proceeds and the utilised and the unutilised amounts of the Net Proceeds as at the date of this announcement.

	Revised allocation of the Net Proceeds		Amount utilised (as at the date of this announcement)	Amount unutilised (as at the date of this announcement)
	HK$ million	*% of Net Proceeds*	*HK$ million*	*HK$ million*
Expansion of our production facilities in Cambodia	25.6	30.0%	25.6	–
Leasing land and construction of production plant	17.2	20.2%	17.2	–
Fitting out works	2.2	2.6%	2.2	–
Purchasing production equipment	6.2	7.2%	6.2	–
Establishing a product development team in Cambodia	12.8	15.0%	7.8	5.0
Upgrading existing software and hardware	8.5	10.0%	5.0	3.5
Refurbishment of the existing facilities	8.5	10.0%	5.6	2.9
Installing showrooms in Dongguan and Cambodia	8.5	10.0%	6.9	1.6
General working capital	21.4	25.0%	21.4	–
	85.3	100.0%	72.3	13.0

In particular,

(i) regarding the expansion of the Cambodian Production Facility, 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$7.8 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$5.6 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 31 March 2021, the unutilised Net Proceeds were deposited in short-term demand deposits with a licensed bank in Hong Kong.

To the extent reasonably practicable which is in the best interests of the Company and the Shareholders as a whole, 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. 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 ascertain the business growth of the Group.

ANNUAL GENERAL MEETING

The 2021 annual general meeting of the Company will be held on Monday, 6 September 2021 (the "**2021 AGM**"). Notice of the 2021 AGM will be sent to the Shareholders in July 2021.

DIVIDENDS

The Board has resolved to recommend the payment of a final dividend of HK0.5 cent per Share (Year 2020: HK1.0 cent per Share) and a special dividend of HK1.5 cent per Share (Year 2020: HK1.0 cent per Share), amounting to an aggregate of approximately HK$8,172,000 for this Year (Year 2020: HK$8,172,000) (the "**Proposed Final Dividend and Special Dividend**") to the Shareholders whose names will appear on the register of members of the Company (the "**Register of Members**") on Wednesday, 13 October 2021.

The Proposed Final Dividend and Special Dividend are subject to the approval by the Shareholders at the 2021 AGM. It is expected that the Proposed Final Dividend and Special Dividend would be paid to the Shareholders on Thursday, 28 October 2021.

CLOSURE OF REGISTER OF MEMBERS

(i) 2021 AGM

For determining the Shareholder's entitlement to attend and vote at the 2021 AGM, the Register of Members will be closed from Wednesday, 1 September 2021 to Monday, 6 September 2021, 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 2021 AGM to be held on Monday, 6 September 2021, non-registered Shareholders must lodge all completed transfer forms accompanied by the relevant share certificates with the Company's Hong Kong branch share registrar and transfer office, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 31 August 2021.

(ii) Proposed Final Dividend and Special Dividend for this Year

Conditional on the passing of the resolution approving the Proposed Final Dividend and Special Dividend for this Year by the Shareholders at the 2021 AGM, the Register of Members will be closed for determining the Shareholders' entitlement to the Proposed Final Dividend and Special Dividend for this Year from Friday, 8 October 2021 to Wednesday, 13 October 2021, both days inclusive, during which period no transfer of the Shares will be registered. In order to qualify for the Proposed Final Dividend and Special Dividend for this Year, 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 no later than 4:30 p.m. on Thursday, 7 October 2021.

CORPORATE GOVERNANCE

The Company has complied with all applicable code provisions in all material respects 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 the 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, PricewaterhouseCoopers (the "**Independent Auditor**"), to the amounts set out in the audited Consolidated Financial Statements. The work performed by the Independent Auditor 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 the Independent Auditor 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 announcement is published on the Stock Exchange'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 in the manner as required by the Listing Rules.

APPRECIATION

The Board would like to express its sincere gratitude to the Management and all the Group's staff for their hard work and dedication, as well as to 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, 21 June 2021

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.