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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)**

## **FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2022**

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 2022 (“**this Year**”) together with the comparative figures for the year ended 31 March 2021 (“**Year 2021**”).

### **HIGHLIGHTS**

- Revenue for this Year increased by approximately 52.9% to approximately HK\$617.6 million (Year 2021: approximately HK\$403.8 million);
- Gross profit for this Year increased by approximately 89.9% to approximately HK\$127.6 million (Year 2021: approximately HK\$67.2 million);
- Gross profit margin for this Year increased by approximately 4.1% to approximately 20.7% (Year 2021: approximately 16.6%);
- Provision for impairment of trade receivables for this Year of approximately HK\$0.04 million (Year 2021: Reversal of provision for impairment of trade receivables of approximately HK\$4.5 million);
- Net profit for this Year attributable to owners of the Company increased by approximately 611.0% to approximately HK\$39.5 million (Year 2021: approximately HK\$5.6 million);
- Earnings per share attributable to owners of the Company increased by approximately HK8.3 cents to approximately HK9.7 cents (Year 2021: approximately HK1.4 cents);
- The Board has resolved to recommend the payment of a final dividend of HK2.0 cent per ordinary share (each a “**Share**” and collectively the “**Shares**”) (Year 2021: HK0.5 cent per Share) and a special dividend of HK2.0 cent per Share (Year 2021: HK1.5 cent per Share) for this Year.

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2022

		Year ended 31 March	
	Notes	2022 HK\$'000	2021 HK\$'000
Revenue	4	617,586	403,843
Cost of sales	5	<u>(489,958)</u>	<u>(336,632)</u>
<b>Gross profit</b>		<b>127,628</b>	67,211
Other income	4	1,030	37
Other losses, net	4	(2,210)	(4,197)
Selling and distribution expenses	5	(27,460)	(21,715)
Administrative expenses	5	(44,546)	(34,709)
(Provision for)/reversal of provision for impairment of trade receivables	12	<u>(42)</u>	<u>4,497</u>
<b>Operating profit</b>		<b>54,400</b>	11,124
Finance income	6	91	330
Finance costs	6	<u>(2,154)</u>	<u>(2,243)</u>
Finance costs, net		<u>(2,063)</u>	<u>(1,913)</u>
<b>Profit before income tax</b>		<b>52,337</b>	9,211
Income tax expenses	7	<u>(12,954)</u>	<u>(3,649)</u>
<b>Profit for the year</b>		<b><u>39,383</u></b>	<b><u>5,562</u></b>
Profit attributable to:			
Owners of the Company		39,544	5,562
Non-controlling interests		<u>(161)</u>	<u>–</u>
		<b><u>39,383</u></b>	<b><u>5,562</u></b>
		<i>HK cents</i>	<i>HK cents</i>
<b>Basic and diluted earnings per share for profit attributable to owners of the Company</b>	9	<b><u>9.7</u></b>	<b><u>1.4</u></b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
<b>Profit for the year</b>	<b>39,383</b>	<b>5,562</b>
<b>Other comprehensive income:</b>		
<i>Item that may be reclassified subsequently to profit or loss</i>		
– Currency translation differences	77	705
<b>Total comprehensive income for the year</b>	<b>39,460</b>	<b>6,267</b>
Attributable to:		
Owners of the Company	39,621	6,267
Non-controlling interests	(161)	–
	<b>39,460</b>	<b>6,267</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

		As at 31 March	
	Notes	2022 HK\$'000	2021 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Right-of-use assets	10	21,682	23,877
Property, plant and equipment		51,190	46,584
Financial asset at fair value through profit or loss		1,330	1,290
Deferred income tax assets		2,528	1,046
		<u>76,730</u>	<u>72,797</u>
<b>Current assets</b>			
Inventories	11	142,230	113,489
Trade receivables	12	40,375	42,182
Prepayments, deposits and other receivables	12	17,283	8,684
Current income tax recoverable		188	2,657
Pledged bank deposits		23,638	23,618
Cash and cash equivalents		116,547	110,720
		<u>340,261</u>	<u>301,350</u>
<b>Total assets</b>		<u><b>416,991</b></u>	<u><b>374,147</b></u>

		<b>As at 31 March</b>	
		<b>2022</b>	2021
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		<b>4,086</b>	4,086
Share premium		<b>109,611</b>	109,611
Exchange reserve		<b>2,697</b>	2,620
Capital reserve		<b>21,656</b>	21,656
Retained earnings		<b>121,218</b>	98,018
		<b>259,268</b>	235,991
Non-controlling interests		<b>(161)</b>	–
<b>Total equity</b>		<b>259,107</b>	235,991
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		–	97
Lease liabilities	10	<b>20,558</b>	22,498
		<b>20,558</b>	22,595
<b>Current liabilities</b>			
Trade and bills payables	13	<b>107,541</b>	87,493
Accruals and other payables	13	<b>19,527</b>	24,542
Current income tax liabilities		<b>8,318</b>	1,647
Lease liabilities	10	<b>1,940</b>	1,879
		<b>137,326</b>	115,561
<b>Total liabilities</b>		<b>157,884</b>	138,156
<b>Total equity and liabilities</b>		<b>416,991</b>	374,147

## NOTES

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 29 May 2017 as an exempted limited liability company under the Companies Act, Cap. 22 (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 the Ma Family, namely Mr. Ma Hing Man, Mr. Ma Hing Ming, Ms. Ma Lan Chu, Mr. Ma Yum Chee and Ms. Ma Lan Heung, who have entered into 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 of the Company (the “**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 2021:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 (amendments)
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The adoption of the above amendments to standards does not have any significant impact to the results and financial position of the Group.

(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 2021 and have not been early adopted by the Group:

		<b>Effective for accounting periods beginning on or after</b>
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope amendments	1 January 2022
Amendments to Annual Improvement Project	Annual improvements 2018–2020 cycle	1 January 2022
Accounting Guideline 5 (Revised)	Merger accounting for common control combinations	1 January 2022
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 January 2023
HK-Interpretation 5 (2020)	Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2023
HKFRS 17	Insurance contracts	1 January 2023
HKFRS 17	Amendments to HKFRS 17	1 January 2023
Amendments to HKAS 8	Accounting policies, change in accounting estimates and errors	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 12	Deferred tax related to Assets and Liabilities arising from a Single Transaction	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 and amended standards and interpretations that are not yet effective and that would be expected to have a material impact on the Consolidated Financial Statements in the current or future reporting periods and on 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 regularly reviewed by the Directors for the purposes of allocating resources and assessing performance of the operating segment is the consolidated 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:

	Year ended 31 March	
	2022 HK\$'000	2021 HK\$'000
The United States of America (“US”)	494,021	302,800
Spain	3,835	14,836
Canada	33,997	18,871
Other countries	85,733	67,336
	<u>617,586</u>	<u>403,843</u>

For the purpose of classification, the geographical source of revenue is determined based on the destination of the goods delivered to customers. Revenue 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	
	2022 HK\$'000	2021 HK\$'000
The People’s Republic of China (“PRC” or “China”, for the purpose of this announcement only, excluding the Hong Kong Special Administrative Region (“Hong Kong”), the Macau Special Administrative Region and Taiwan)	11,583	12,384
Hong Kong	9,967	740
Kingdom of Cambodia (“Cambodia”)	51,322	57,337
	<u>72,872</u>	<u>70,461</u>

## 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	
	2022 HK\$'000	2021 HK\$'000
Customer A	208,586	55,338
Customer B	116,159	85,100
Customer C	92,584	52,711
Customer D	82,909	–
Customer E	59,835	101,807
	<u>560,073</u>	<u>294,956</u>

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

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

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
<b>Revenue:</b>		
Sales of goods	<u>617,586</u>	<u>403,843</u>

Revenue of HK\$304,000 (2021: HK\$75,000) recognised for the year ended 31 March 2022 relates to contract liabilities brought forward from the prior year.

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

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
<b>Other income:</b>		
Sundry income	74	37
Government subsidies ( <i>Note</i> )	<u>956</u>	<u>–</u>
	<u>1,030</u>	<u>37</u>
<b>Other losses, net:</b>		
Net exchange losses	(2,570)	(4,468)
Gain on sales of scrap materials	320	232
Fair value change of financial asset at fair value through profit or loss	<u>40</u>	<u>39</u>
	<u>(2,210)</u>	<u>(4,197)</u>
	<u>(1,180)</u>	<u>(4,160)</u>

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

## 5. EXPENSES BY NATURE

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
Cost of inventories sold ( <i>Note 11</i> )	256,045	172,033
Sub-contracting charges	90,600	67,051
Transportation and customs charges	20,800	16,815
Lease rental in respect of land and building ( <i>Note 10(b)</i> )	514	354
Employee benefit expense	158,467	101,601
Auditor's remuneration		
– Audit services	1,720	1,720
Travelling expenses	601	1,108
Entertainment expenses	1,058	812
Depreciation of property, plant and equipment	6,870	6,934
Depreciation of right-of-use assets ( <i>Note 10(b)</i> )	2,195	2,195
Legal and professional fees	3,543	3,155
Utilities	3,339	3,375
Repairs and maintenance	872	401
Donations	287	46
Other expenses	15,053	15,456
	<u>                    </u>	<u>                    </u>
Total cost of sales, selling and distribution expenses and administrative expenses	<u>561,964</u>	<u>393,056</u>

*Note:* As at 31 March 2022 and 2021, the Group had no forfeited contribution available to reduce its existing level of contribution to the retirement benefit schemes in future years.

## 6. FINANCE COSTS, NET

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
<b>Finance costs:</b>		
– Interest expense on bank borrowings	–	(68)
– Interest expense on bills payable	(1,057)	(1,019)
– Interest expense on lease liabilities	(1,097)	(1,156)
	<u>                    </u>	<u>                    </u>
	(2,154)	(2,243)
<b>Finance income:</b>		
– Interest income on bank deposits	91	330
	<u>                    </u>	<u>                    </u>
Finance costs, net	<u>(2,063)</u>	<u>(1,913)</u>

## 7. INCOME TAX EXPENSES

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

	Year ended 31 March	
	2022 HK\$'000	2021 HK\$'000
<b>Current income tax:</b>		
– Hong Kong profits tax	8,965	3,944
– Overseas taxation	4,027	6
Under/(over)-provision in prior years	1,507	(1,078)
	<hr/>	<hr/>
	14,499	2,872
Deferred income tax	(1,545)	777
	<hr/>	<hr/>
	12,954	3,649
	<hr/> <hr/>	<hr/> <hr/>

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) for the year ended 31 March 2022 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% (2021: 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% (2021: 20%) on the estimated assessable profit for the year ended 31 March 2022. Subsidiaries incorporated in the PRC is subject to the PRC corporate income tax based on the statutory income tax rate of 25% (2021: 25%).

## 8. DIVIDENDS

The Board has recommended the payment of a final dividend of HK2.0 cent per Share (2021: HK0.5 cent per Share) and a special dividend of HK2.0 cent per Share (2021: HK1.5 cent per Share) amounting to an aggregate of approximately HK\$16,345,000 (2021: HK\$8,172,000) for this Year. 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. The Consolidated Financial Statements do not reflect these dividend payable.

	<b>Year ended 31 March</b>	
	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interim dividend declared and paid of HK1.5 cent (2021: Nil) per Share	<b>6,129</b>	–
Interim special dividend declared and paid of HK0.5 cent (2021: Nil) per Share	<b>2,043</b>	–
	<u>8,172</u>	<u>–</u>
Proposed final dividend of HK2.0 cent (2021: HK0.5 cent) per Share	<b>8,173</b>	2,043
Proposed special dividend of HK2.0 cent (2021: HK1.5 cent) per Share	<b>8,172</b>	6,129
	<u>16,345</u>	<u>8,172</u>
Total dividends attributable to the year	<u><b>24,517</b></u>	<u>8,172</u>

## 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.

	<b>Year ended 31 March</b>	
	<b>2022</b>	2021
Profit attributable to owners of the Company ( <i>HK\$'000</i> )	<b>39,544</b>	5,562
Weighted average number of shares in issue ( <i>thousands shares</i> )	<b>408,626</b>	408,626
Basic earnings per share ( <i>HK cents</i> )	<u><b>9.7</b></u>	<u>1.4</u>

### (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 2022 (2021: 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	
	2022	2021
	HK\$'000	HK\$'000
<b>Right-of-use assets</b>		
Land under non-cancellable operating leases	21,507	23,659
Land use rights	175	218
	<u>21,682</u>	<u>23,877</u>
<b>Lease liabilities</b>		
Current	1,940	1,879
Non-current	20,558	22,498
	<u>22,498</u>	<u>24,377</u>

### (b) Amounts recognised in the consolidated income statement

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

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
<b>Depreciation of right-of-use assets</b>		
Land under non-cancellable operating leases	(2,151)	(2,151)
Land use rights	(44)	(44)
	<u>(2,195)</u>	<u>(2,195)</u>
Interest expense ( <i>Note 6</i> )	<u>(1,097)</u>	<u>(1,156)</u>
Expense relating to short-term leases (included in administrative expenses)	<u>(514)</u>	<u>(354)</u>

The total cash outflow for leases for the year ended 31 March 2022 was approximately HK\$2,976,000 (2021: approximately HK\$2,232,000).

*Note:* As at 31 March 2022, the Group recognised right-of-use assets of HK\$21,507,000 (2021: HK\$23,659,000) and lease liabilities of HK\$22,498,000 (2021: HK\$24,377,000) in respect of a lease entered into with a related party with a payment of lease liabilities of HK\$2,976,000 (2021: HK\$2,232,000) during the year.

## 11. INVENTORIES

	As at 31 March	
	2022	2021
	HK\$'000	HK\$'000
Raw materials	63,350	48,944
Work-in-progress	66,639	46,881
Finished goods	12,241	17,664
	<u>142,230</u>	<u>113,489</u>

The cost of inventories recognised as expense and included in “cost of sales” in the consolidated income statement amounted to HK\$256,045,000 (2021: HK\$172,033,000) for the year ended 31 March 2022.

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

	As at 31 March	
	2022	2021
	HK\$'000	HK\$'000
Trade receivables	77,741	79,506
Less: provision for impairment of trade receivables	(37,366)	(37,324)
Trade receivables, net	<u>40,375</u>	<u>42,182</u>
Deposits	1,124	1,097
Prepayments	2,818	2,889
Value-added tax recoverable	13,327	4,693
Other receivables	14	5
	<u>17,283</u>	<u>8,684</u>
	<u>57,658</u>	<u>50,866</u>

The maximum exposure to credit risk as at 31 March 2022 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 and deposits excluding prepayments and value-added tax recoverable are denominated in the following currencies:

	As at 31 March	
	2022	2021
	HK\$'000	HK\$'000
United States dollars (“US\$”)	41,214	43,021
HK\$	296	258
Renminbi (“RMB”)	3	5
	<u>41,513</u>	<u>43,284</u>

*Note:*

The credit terms of trade receivables generally range from 30 to 90 days from the invoice date. As at 31 March 2022, the ageing analysis of the gross trade receivables based on the invoice date is as follows:

	<b>As at 31 March</b>	
	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Within 30 days	<b>33,919</b>	30,081
31 to 60 days	<b>4,904</b>	9,413
61 to 90 days	<b>3,535</b>	5,325
Over 90 days	<b>35,383</b>	34,687
	<b><u>77,741</u></b>	<u>79,506</u>

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

	<b>As at 31 March</b>	
	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Beginning of the year	<b>37,324</b>	41,821
Provision for/(reversal of provision for) impairment	<b>42</b>	(4,497)
End of the year	<b><u>37,366</u></b>	<u>37,324</u>

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

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

	As at 31 March	
	2022	2021
	HK\$'000	HK\$'000
Trade payables	69,183	63,999
Bills payable	38,358	23,494
	<u>107,541</u>	<u>87,493</u>
Accruals and other payables		
– Accrued salaries	10,137	10,866
– Other accruals and payables	9,082	13,372
– Contract liabilities	308	304
	<u>19,527</u>	<u>24,542</u>
	<u><b>127,068</b></u>	<u><b>112,035</b></u>

As at 31 March 2022, the carrying amounts of trade and bills payables, accruals and other payables approximate their fair values.

*Note:*

#### Trade and bills payables

As at 31 March 2022, the ageing analysis of the trade and bills payables based on invoice date is as follows:

	As at 31 March	
	2022	2021
	HK\$'000	HK\$'000
Within 30 days	45,545	44,496
31 to 60 days	18,159	7,570
61 to 90 days	21,291	14,530
Over 90 days	22,546	20,897
	<u>107,541</u>	<u>87,493</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is a non-leather handbag original equipment manufacturer and principally manufactures and trades handbag products.

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

Since the COVID-19 outbreak, the Group has acted responsibly and undertook the necessary precautionary and prevention measures across its production facilities in the fight against COVID-19. However, in the week of 10 May 2021, some of the employees at the principal production facilities of the Group in Cambodia (the “**Cambodian Production Facility**”) had been diagnosed as infected with COVID-19 and there were a total of 21 confirmed cases up to and including 14 May 2021. In response to the COVID-19 cases in the Cambodian Production Facility as reported by the Cambodian Ministry of Health and following discussions with the relevant department of the Cambodian government, the Group responsibly and swiftly suspended the operations of the Cambodian Production Facility for a period of 14 days from 15 to 28 May 2021 to conduct a detailed review of the then current precautionary and preventive measures in place with a view to strengthening such measures as deemed appropriate while performing thorough deep-cleaning at the Cambodian Production Facility to further protect all of its employees. As agreed with the relevant department of the Cambodian government, the Cambodian Production Facility reopened on 31 May 2021. In early February 2022, the COVID-19 cases in Hong Kong have increased significantly. The Group’s immediate priority was to safeguard the health and safety of all staff and their families and therefore, we proactively implemented a work-from-home policy during the period from early February 2022 to early April 2022 at our Hong Kong office to minimize the risk of infection among our employees. Along with remote work equipment that they needed to work from home effectively, our office also stocked up emergency food and first-aid supplies which were distributed to those in need. As of the date of this announcement, most of our employees of the Group had received their vaccination.

On the other hand, the downside risk is increased because of the trade dispute between the PRC and the US which has persisted with occasional confrontations flaring up.

The generalised system of preferences program of the US (the “US GSP”) for three years covering the period from 1 January 2018 to 31 December 2020 allowed all eligible goods to the US from all beneficiary countries and territories under the program, including Cambodia, to be exempted from import tariffs. The US GSP program expired on 31 December 2020 accordingly and has yet to be re-authorized by the US Congress as at the date of this announcement. Nevertheless, the Management believes that Cambodia is still expected to remain as one of the preferred manufacturing locations for its customers due to the relatively low labour costs of Cambodia and a rather stable general political situation when compared with some of the other Southeast Asian countries.

Despite the drastic changes in the markets, the Management prudently and calmly confronted those challenges by swiftly modifying the operation strategies of the Group. Such strategies have been fruitful, as the revenue of the Group increased by approximately HK\$213.7 million or 52.9% to approximately HK\$617.6 million for this Year when compared with that of Year 2021.

This Year, profit attributable to owners of the Company increased by approximately HK\$34.0 million to approximately HK\$39.5 million from approximately HK\$5.6 million for Year 2021 which was mainly attributable to (i) the recovery of the consumer markets of North America and the EU; and (ii) the implementation of certain stringent cost control measures and restructuring initiatives which successfully reduced the base production operating costs of the Group, which were partially alleviated by the increase in selling and distribution expenses, administrative expenses, provision for impairment of trade receivables and income tax expenses.

This Year, the Group has completed a connected transaction in relation to the acquisition of the office in Hong Kong (the “**Property**”) at a consideration of approximately HK\$9,200,000 (the “**Acquisition**”). The Property was leased to the Group before the Acquisition with a term which expired in March 2022. Details of the Acquisition are set out in the announcement of the Company dated 27 January 2022. The Management believed that the Acquisition would secure the continual use of the Property by the Group, while at the same time improve the operating cash flow of the Group in the long run by eliminating rental expenses for the continued leasing of the Property and enjoy potential capital appreciation in the future.

Furthermore, the Group has been leasing a parcel of land with a term expiring in 2025 in Dongguan, the PRC where our factory (the “**Dongguan Old Factory**”) is located. Following the establishment of the Cambodian Production Factory and the relocation of production base from the PRC to Cambodia, the operation of the Dongguan Old Factory has been scaled down to mainly for product development and administrative purposes and to provide production support to the Cambodian Production Facility should such a need is required. Rental for the entire term of the lease of the Dongguan Old Factory has been fully settled in 1997. In this regard, the Group is currently planning to lease another factory within the Dongguan district with reduced scale that commensurate with existing and the upcoming business development plan of the Group to relocate the Dongguan Old Factory in the second half of 2022 (the “**Relocation**”). Once the Relocation has been completed, the Dongguan Old Factory is planning to be leased out for rental income until the end of the lease term in 2025. Such Relocation is not expected to cause any material adverse impact to the operations of the Group.

## **INDUSTRY OVERVIEW**

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

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

## **PROSPECTS**

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

The development and effect of COVID-19 continues to be uncertain, but mass vaccination programs for a majority of communities, together with precautionary measures taken by governments, would gradually improve business outlook. Major economies in the world have shown recovery and should further improve the overall sentiment. However, the consumer market of US may be influenced by the increasing trend of interest rate and inflation rate which may affect their purchasing power and consumer confidence in return. Besides, keen competition from our competitors with factories located in Southeast Asia, which have been disrupted by series of containment measures as of result of COVID-19 this Year, is expected for upcoming financial year. The Management remains confident of its capability to navigate around any challenges ahead. As there is still no definite end to the COVID-19, the Management will continue to take prudent and responsible measures to preserve a healthy financial position to sustain the Group's operations. The Group will also pay additional attention to the development of and the opportunities in the market, new revenue streams and balanced growth to bring sustainable returns to the Shareholders.

## 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 increased to approximately HK\$617.6 million for this Year from approximately HK\$403.8 million for Year 2021, representing an increase of approximately 52.9%. The Group recorded an increase in revenue from customers in the US by approximately HK\$191.2 million from approximately HK\$302.8 million for Year 2021 to approximately HK\$494.0 million for this Year. This was mainly due to (a) the continuing market recovery in North America, the largest market of our products, as COVID-19 continued to improve which saw the spending patterns of consumers strengthen and the market regaining its potential as the economies of the developing nations continued to improve; and (b) the temporary closure of the Cambodian Production Facility from the end of March 2020 to early May 2020 due to COVID-19 in Year 2021 while during this Year, temporary closure covered a shorter period from 15 May to 28 May 2021.

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

	Year ended 31 March			
	2022		2021	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Cambodia	<b>574,957</b>	<b>93.1</b>	380,211	94.1
Dongguan, the PRC	<b>42,629</b>	<b>6.9</b>	23,632	5.9
	<b>617,586</b>	<b>100.0</b>	403,843	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 through sourcing of new customers. The Group's sales to its top five customers accounted for approximately 90.7% of the total revenue for this Year, with sales to the single largest customer accounting for approximately 33.8% 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 well-known multinational fashion brands over the years.

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

	<b>Year ended 31 March</b>	
	<b>2022</b>	2021
Revenue ( <i>HK\$'000</i> )	<b>617,586</b>	403,843
Quantities sold ( <i>Unit'000</i> )	<b>8,181</b>	6,650
Average selling price ( <i>HK\$/Unit</i> )	<b>75.5</b>	60.7

The increase in average selling price was due to 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 increased to approximately HK\$490.0 million for this Year from approximately HK\$336.6 million for Year 2021, representing an increase of approximately 45.5%. The increase in terms of percentage of the Group's cost of sales was less than that of the sales increase for Year 2021, mainly due to continuing implementation of certain stringent cost control measures which successfully reduced the base production operating costs of the Group.

### **Gross profit and gross profit margin**

With the contributing factors as mentioned above, the Group's gross profit increased to approximately HK\$127.6 million for this Year from approximately HK\$67.2 million for Year 2021, representing an increase of approximately 89.9%, and the Group's gross profit margin increased to approximately 20.7% for this Year from approximately 16.6% for Year 2021, representing an increase of approximately 4.1%.

### **Other losses, net**

The Group's other losses for this Year primarily consisted of (i) net exchange losses of approximately HK\$2.6 million (Year 2021: approximately HK\$4.5 million) mainly arising from the appreciation of RMB against HK\$; and (ii) gain on sales of scrap materials of approximately HK\$0.3 million (Year 2021: approximately HK\$0.2 million).

### **Selling and distribution expenses**

The Group's selling and distribution expenses primarily consisted of transportation, customs charges, product testing and inspection fees, which increased to approximately HK\$27.5 million for this Year from approximately HK\$21.7 million for Year 2021, representing an increase of approximately 26.5%, primarily due to the increase in transportation and customs charges, which is mainly as a result an increase in the level of sales activity.

### **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 increased to approximately HK\$44.5 million for this Year from approximately HK\$34.7 million for Year 2021, representing an increase of approximately 28.3%. Such increase was mainly due to various temporary cost control measures, including but not limited to adjusting Directors' emolument and staff salaries to reflect the latest market conditions, implemented during Year 2021 but which have not been implemented for this Year as business of the Group continued to improve.

### **Impairment of trade receivables**

As at 31 March 2022, 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.

Based on the latest information made available to the Board as at the date of this announcement, the impairment of trade receivables, determined by way of the expected credit loss model, of approximately HK\$42,000 has been made and charged to the consolidated income statement of the Group as an expense for this Year.

### **Finance costs, net**

The Group's net finance costs increased by approximately HK\$0.2 million or approximately 7.8% from approximately HK\$1.9 million for Year 2021 to approximately HK\$2.1 million for this Year, mainly due to the decrease in the finance income for this Year.

## **Income tax expenses**

The Group's income tax expenses increased by approximately HK\$9.4 million or approximately 255.0% from HK\$3.6 million for Year 2021 to approximately HK\$13.0 million for this Year. The increase was mainly due to the increase in assessable profit for this Year.

## **Profit for the year**

As a result of the foregoing, the Group's net profit for this Year increased by approximately HK\$33.8 million or approximately 608.1% to approximately HK\$39.4 million for this Year from approximately HK\$5.6 million for Year 2021.

The Group's net profit margin increased from approximately 1.4% for Year 2021 to approximately 6.4% for this Year, which was mainly due to the net effect of the increase in gross profit margin, the increase in selling and distribution expenses and administrative expenses and the increase in income tax expense for this Year.

## **FINANCIAL POSITION, LIQUIDITY AND FINANCIAL RESOURCES**

### **Borrowings and pledge of assets**

As at 31 March 2022, the Group had no bank borrowings (31 March 2021: Nil).

Banking facilities were secured by bank deposits of approximately HK\$23.6 million as at 31 March 2022 (31 March 2021: approximately HK\$23.6 million).

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 2022, 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 its working capital. The Group generally funded its working capital requirements for this Year 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 2022, the Group had cash and cash equivalents of approximately HK\$116.5 million (31 March 2021: approximately HK\$110.7 million). The Group's current ratio, gearing ratio and net debt to equity ratios are as follows:

	As at 31 March	
	2022	2021
Current ratio	2.5	2.6
Gearing ratio	N/A	N/A
Net debt to equity ratio	<u>Net cash</u>	<u>Net cash</u>

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

Gearing ratios are calculated based on the total debt divided by 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.

## 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 ("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 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' orders on one hand and maximise the efficiency of utilities and other resources consumption ratio on the other, 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 2022, the Group employed a total of 4,641 employees (31 March 2021: 3,826 employees). It is the policy of the Group to provide a regular review on its employees' salary levels, performance bonus system and other benefits and welfare (including social insurance coverage and sponsored training) to ensure that their remuneration package is competitive within the relevant industry. During this Year, staff costs (including Directors' emoluments) amounted to approximately HK\$158.5 million (Year 2021: approximately HK\$101.6 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 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 have lapsed or were exercised or cancelled during this Year and there were no outstanding share options as at 31 March 2022.

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.

### **Significant investments/material acquisitions and disposals**

Save as disclosed elsewhere in this announcement, 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 2022.

### **Capital commitments**

As at 31 March 2022, the Group had no material capital expenditure contracted for but not yet incurred (31 March 2021: Nil) in respect of acquisition of property, plant and equipment.

### **Contingent liabilities**

As at 31 March 2022, the Group did not have any significant contingent liabilities (31 March 2021: Nil).

### **Important event after the reporting period**

There has been no material event occurring after the reporting period and up to the date of this announcement.

## **USE OF NET PROCEEDS FROM THE GLOBAL OFFERING**

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 “**Global Offering**”). The total net proceeds raised from the Global Offering (the “**Net Proceeds**”) were approximately HK\$85.3 million after the deduction of related Listing expenses.

With reference to the announcement of the Company dated 31 May 2022 (the “**Announcement**”), approximately 9% of the Net Proceeds in an amount of approximately HK\$7.7 million, which represented the remaining balance not yet utilized as at the date of the Announcement and was originally allocated for establishing a product development team in Cambodia and upgrading existing software and hardware as set out in items (ii) and (iii) below, has been reallocated to accepting early repayment to suppliers for better terms of trade (the “**Reallocation**”).

The table below sets out the the allocation of the Net Proceeds before the Reallocation, the change in use according to the Reallocation and the revised position after change in use:

	Allocation of Net Proceeds before the Reallocation		Utilized amount (as at the date of the Announcement)	Unutilized Net Proceeds (as at the date of the Announcement)	Reallocation of the Net Proceeds		Unutilized Net Proceeds after the Reallocation (as at the date of the Announcement)	Expected timeline of full utilization of the Net Proceeds
	HK\$ million	% of net proceeds	HK\$ million	HK\$ million	HK\$ million	% of net proceeds	HK\$ million	
Expansion of our production facilities in Cambodia	25.6	30.0%	(25.6)	-	25.6	30.0%	-	-
Leasing land and construction of production plant	17.2	20.2%	(17.2)	-	17.2	20.2%	-	-
Fitting out works	2.2	2.6%	(2.2)	-	2.2	2.6%	-	-
Purchasing production equipment	6.2	7.2%	(6.2)	-	6.2	7.2%	-	-
Establishing a product development team in Cambodia	12.8	15.0%	(8.6)	4.2	8.6	10.1%	-	-
Upgrading existing software and hardware	8.5	10.0%	(5.0)	3.5	5.0	5.9%	-	-
Refurbishment of the existing facilities	8.5	10.0%	(6.9)	1.6	8.5	10.0%	1.6	Q3 2022
Installing showrooms in Dongguan and Cambodia	8.5	10.0%	(8.5)	-	8.5	10.0%	-	-
Accepting early repayment to suppliers for better terms of trade	-	-	-	-	7.7	9.0%	7.7	Q4 2022
General working capital	21.4	25.0%	(21.4)	-	21.4	25.0%	-	-
	<u>85.3</u>	<u>100.0%</u>	<u>(76.0)</u>	<u>9.3</u>	<u>85.3</u>	<u>100.0%</u>	<u>9.3</u>	

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\$8.6 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\$6.9 million has been used for refurbishment of the existing showroom, workshop and ancillary office as planned; and
- (v) regarding installing showrooms in Dongguan, the PRC and Cambodia, approximately HK\$8.5 million has been used for installing showrooms in our production bases in Dongguan, the PRC and Cambodia as planned.

As at 31 March 2022, 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 Reallocation 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 2022 annual general meeting of the Company is scheduled to be held on Monday, 5 September 2022 (the “**2022 AGM**”). A notice convening the 2022 AGM will be issued and sent to the Shareholders in July 2022.

## **DIVIDENDS**

The Board has resolved to recommend the payment of a final dividend of HK2.0 cent per Share (Year 2021: HK0.5 cent per Share) and a special dividend of HK2.0 cent per Share (Year 2021: HK1.5 cents per Share), amounting to an aggregate of approximately HK\$16,345,000 for this Year (Year 2021: 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, 12 October 2022.

The Proposed Final Dividend and Special Dividend are subject to the approval by the Shareholders at the 2022 AGM. It is expected that the Proposed Final Dividend and Special Dividend would be paid to the Shareholders on Thursday, 27 October 2022.

## CLOSURE OF REGISTER OF MEMBERS

### (i) 2022 AGM

For determining the Shareholder's entitlement to attend and vote at the 2022 AGM, the Register of Members will be closed from Wednesday, 31 August 2022 to Monday, 5 September 2022, 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 2022 AGM to be held on Monday, 5 September 2022, 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, 30 August 2022.

### (ii) Proposed Final Dividend and Special Dividend

Conditional on the passing of the resolution approving the Proposed Final Dividend and Special Dividend by the Shareholders at the 2022 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, 7 October 2022 to Wednesday, 12 October 2022, 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, 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, 6 October 2022.

## CORPORATE GOVERNANCE

The Company has adopted and complied with all applicable code provisions in all material respects as 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**") and did not deviate from any code provision during this Year and the period thereafter up to the date of this announcement (collectively, the "**Period**").

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct governing the securities transactions by the Directors. In response to a specific enquiry made by the Company of each of the Directors, all Directors have confirmed that they had complied with the required 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 this Year, 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](http://www.hkexnews.hk) and the Company's website at [www.wahsun.com.hk](http://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, 20 June 2022

*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.*