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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)

INSIDE INFORMATION

POTENTIAL NOTIFIABLE TRANSACTION

LETTER OF INTENT IN RELATION TO THE POTENTIAL DISPOSAL

THE POTENTIAL DISPOSAL

The Board is pleased to announce that on 7 September 2022 (after the trading hours of the Stock Exchange), the Vendor, a wholly-owned subsidiary of the Company, entered into the Letter of Intent with the Purchasers pursuant to which the Vendor intends to sell and the Purchasers intend to acquire the Property. The Potential Disposal is subject to the results of the due diligence review on the Property by the Purchasers, further negotiations between the Vendor and the Purchasers and finalisation and signing of the Formal Agreement.

POTENTIAL LISTING RULES IMPLICATIONS

Subject to the results of the due diligence review on the Property by the Purchasers and further negotiations between the Vendor and the Purchasers on the terms of the Formal Agreement, the Vendor and the Purchasers may enter into the Formal Agreement within the Period of the Letter of Intent. Should the Formal Agreement be entered into, the Company will issue further announcement(s) in accordance with the requirements under the Listing Rules.

If the Potential Disposal materialises, the transaction may constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules. Further announcement(s) in respect of the Potential Disposal will be made by the Company in accordance with applicable requirements of the Listing Rules as and when appropriate.

As the Letter of Intent is not legally binding (save for those provisions relating to the exclusivity, expenses, confidentiality, governing law and legal effect, the Letter of Intent does not have any legal effect), the Group may or may not proceed with the Potential Disposal with the Purchasers in the same terms as or equivalent to those under the Letter of Intent. Further, as no legally binding agreement with respect to the Potential Disposal has been entered into as at the date of this announcement, the Potential Disposal may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

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THE LETTER OF INTENT

Date

7 September 2022

Parties

- (a) The Vendor; and
- (b) the Purchasers.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries based on the information provided by the Purchasers as of the date of this announcement, the Purchasers are Independent Third Parties.

Assets to be disposed of

The Property.

Consideration

As at the date of this announcement, the Consideration as proposed by the Letter of Intent is not less than RMB40,000,000.

Nevertheless, the Consideration will be subject to, among others, the result of the due diligence review by the Purchasers and the Formal Agreement to be entered into between the Vendor and Purchasers. Thus, the Consideration remains under negotiation and will be disclosed in a further announcement upon the signing of the Formal Agreement in respect of the Potential Disposal.

Due diligence review

The Purchasers shall perform due diligence review on the Property, to which the Potential Disposal is subject. The Vendor shall provide all necessary assistance in such regard.

Formal Agreement

The Potential Disposal is subject to the results of the due diligence review on the Property by the Purchasers, further negotiations between the Vendor and the Purchasers and finalisation and signing of the Formal Agreement, which the Vendor and the Purchasers may enter into within the Period of the Letter of Intent.

Legal effect

Save for those provisions relating to the exclusivity, expenses, confidentiality, governing law and legal effect, the Letter of Intent does not have any legal effect.

INFORMATION ON THE PURCHASERS

Fushan Village Committee of Liaobu Town, Dongguan, the PRC, who is the landlord of the Dongguan Leased Land, formed on the basis of the Organic Law of the Villagers Committee of the PRC and Fushan Village of Liaobu Town Joint Stock Economic Union, Dongguan, the PRC, formed on the basis of the Provisions on the Administration of Rural Collective Economic Organizations in Guangdong Province, are Independent Third Parties.

INFORMATION OF THE GROUP

The Group principally manufactures and trades handbags products. The Vendor is an indirect wholly-owned subsidiary of the Company and its principal business activity is manufacturing of handbag products in the PRC.

REASONS AND BENEFITS FOR ENTERING INTO THE LETTER OF INTENT

The Group has been leasing a parcel of land in Dongguan, the PRC where the Property is located and the rental for the entire term of lease has been fully settled in 1997 with a term expiring in December 2025. Following the establishment of the principal production facilities of the Group in the Kingdom of Cambodia (“**Cambodian Production Factory**”) and the relocation of production base from the PRC to Cambodia, the operation of the Property 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 be required. In this regard, the Group leased another factory within the Dongguan district with reduced scale that is commensurate with existing and the upcoming business development plan of the Group for relocation of the operation of the Property (“**Relocation**”). The Relocation was completed in August 2022.

Having considered that the Property is not essential for the Group’s future operations, the Potential Disposal will not have a material adverse effect on the Group’s operations. The Board therefore believes that the Potential Disposal represents a good opportunity for the Group to realise cash at an attractive return. The net proceeds to be received by the Group from the Potential Disposal is expected to strengthen cashflow of the Group and enhance working capital condition of the Group.

POTENTIAL LISTING RULES IMPLICATIONS

Subject to the results of the due diligence review on the Property by the Purchasers and further negotiations between the Vendor and the Purchasers on the terms of the Formal Agreement, the Vendor and the Purchasers may enter into the Formal Agreement within the Period of the Letter of Intent. Should the Formal Agreement be entered into, the Company will issue further announcement(s) in accordance with the requirements under the Listing Rules.

If the Potential Disposal materialises, the transaction may constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules. Further announcement(s) in respect of the Potential Disposal will be made by the Company in accordance with applicable requirements of the Listing Rules as and when appropriate.

GENERAL

The Board wishes to emphasize that the Letter of Intent is not legally binding (save for those provisions relating to the exclusivity, expenses, confidentiality, governing law and legal effect, the Letter of Intent does not have any legal effect). As at the date of this announcement, no legally binding agreement in relation to the Potential Disposal has been entered into.

The final terms of the Formal Agreement in respect of the Potential Disposal are subject to further negotiations between the Vendor and the Purchasers which have yet to be finalized and may therefore deviate from those set out in the Letter of Intent.

As the Letter of Intent is not legally binding (save for those provisions relating to the exclusivity, expenses, confidentiality, governing law and legal effect, the Letter of Intent does not have any legal effect), the Group may or may not proceed with the Potential Disposal with the Purchasers in the same terms as or equivalent to those under the Letter of Intent. Further, as no legally binding agreement with respect to the Potential Disposal has been entered into as at the date of this announcement, the Potential Disposal may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“Board”	the board of Directors
“Company”	Wah Sun Handbags International Holdings Limited, a company incorporated in Cayman Islands with limited liability, whose issued shares are listed on the Main Board of the Stock Exchange
“Consideration”	the consideration of the Potential Disposal as proposed by the Letter of Intent is not less than RMB40,000,000
“Director(s)”	director(s) of the Company
“Dongguan Leased Land”	the land located at Changfu Industrial Park, Fushan Village, Fenghua Road, Fushan management district, Liaobu Town, Dongguan, the PRC (東莞市寮步鎮鳧山村長富工業區) with a lease term expiring in December 2025
“Formal Agreement”	the formal sale and purchase agreement which may be entered into between the Vendor and the Purchasers in relation to the Potential Disposal

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	an individual or a company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, who are not connected persons (as defined in the Listing Rules) of the Company
“Letter of Intent”	the letter of intent dated 7 September 2022 entered into between the Vendor and the Purchasers in relation to the Potential Disposal
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Period of the Letter of Intent”	the period of one month from the date of signing of the Letter of Intent, unless extended by the Vendor and the Purchasers in writing
“Potential Disposal”	the potential disposal of the Property by the Vendor to the Purchasers
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan)
“Property”	properties owned by the Vendor as at the date of this announcement, including two production plants and three dormitories with a total gross floor area of approximately 26,565.5 sq.m. located on the Dongguan Leased Land
“Purchasers”	Fushan Village Committee of Liaobu Town, Dongguan, the PRC* 東莞寮步鎮梟山村村民委員會, who is the landlord of the Dongguan Leased Land, formed on the basis of the Organic Law of the Villagers Committee of the PRC and Fushan Village of Liaobu Town Joint Stock Economic Union, Dongguan, the PRC* 東莞市寮步鎮梟山股份經濟聯合社, formed on the basis of the Provisions on the Administration of Rural Collective Economic Organizations in Guandong Province, are Independent Third Parties

“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Dongguan Quickmind Handbag Factory Co., Ltd.* 東莞創思手袋有限公司, formerly known as Dong Guan Huasing Bag Manufactory Co. Ltd* 東莞華新手袋廠有限公司, a wholly foreign owned enterprise incorporated under the laws of the PRC with limited liability on 15 March 1994, and an indirect wholly-owned subsidiary of the Company
“%”	percentage

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

Hong Kong, 7 September 2022

As at the date of this announcement, the executive Directors are Mr. Ma Hing Man (Chairman), Mr. Ma Hing Ming (Chief Executive Officer), Ms. Ma Lan Chu, Mr. Ma Yum Chee and Ms. Ma Lan Heung; and the independent non-executive Directors are Mr. Lam Kwok Cheong, Mr. Wong Wai Keung Frederick and Mr. Yeung Chi Wai.

* For identification purpose only