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 2023

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 2023 ("**this Year**") together with the comparative figures for the year ended 31 March 2022 ("**Year 2022**").

HIGHLIGHTS

- Revenue for this Year decreased by approximately 27.7% to approximately HK$446.5 million (Year 2022: approximately HK$617.6 million);
- Gross profit for this Year decreased by approximately 47.1% to approximately HK$67.6 million (Year 2022: approximately HK$127.6 million);
- Gross profit margin for this Year decreased by approximately 5.6% to approximately 15.1% (Year 2022: approximately 20.7%);
- Reversal of provision for impairment of trade receivables for this Year of approximately HK$4.3 million (Year 2022: Provision for impairment of trade receivables of approximately HK$0.04 million);
- Net profit for this Year attributable to owners of the Company decreased by approximately 78.5% to approximately HK$8.5 million (Year 2022: approximately HK$39.5 million);
- Earnings per share attributable to owners of the Company decreased by approximately HK7.6 cents to approximately HK2.1 cents (Year 2022: approximately HK9.7 cents);
- The Board has resolved to recommend the payment of a final dividend of Nil per ordinary share (each a "**Share**" and collectively the "**Shares**") (Year 2022: HK2.0 cents per Share) and a special dividend of HK1.0 cent per Share (Year 2022: HK2.0 cents per Share) for this Year.

CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2023

		Year ended 31 March	
		2023	2022
	Notes	***HK$'000***	*HK$'000*
Revenue	4	**446,518**	617,586
Cost of sales	5	**(378,964)**	(489,958)
Gross profit		**67,554**	127,628
Other income	4	**1,794**	1,030
Other gains/(losses), net	4	**5,870**	(2,210)
Selling and distribution expenses	5	**(20,528)**	(27,460)
Administrative expenses	5	**(47,111)**	(44,546)
Reversal of provision for/(provision for) impairment of trade receivables	13	**4,319**	(42)
Operating profit		**11,898**	54,400
Finance income	6	**1,007**	91
Finance costs	6	**(3,211)**	(2,154)
Finance costs, net		**(2,204)**	(2,063)
Profit before income tax		**9,694**	52,337
Income tax expenses	7	**(3,687)**	(12,954)
Profit for the year		**6,007**	39,383
Profit/(loss) attributable to:			
Owners of the Company		**8,495**	39,544
Non-controlling interests		**(2,488)**	(161)
		6,007	39,383
		HK cents	*HK cents*
Basic and diluted earnings per share for profit attributable to owners of the Company	9	**2.1**	9.7

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2023

	Year ended 31 March	
	2023	2022
	HK$'000	*HK$'000*
Profit for the year	**6,007**	39,383
Other comprehensive (loss)/income:		
Item that may be reclassified subsequently to profit or loss		
– Currency translation differences	**(126)**	77
Total comprehensive income for the year	**5,881**	39,460
Attributable to:		
Owners of the Company	**8,369**	39,621
Non-controlling interests	**(2,488)**	(161)
	5,881	39,460

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

		As at 31 March	
		2023	2022
	Notes	***HK$'000***	*HK$'000*
ASSETS			
Non-current assets			
Right-of-use assets	10	**22,694**	21,682
Property, plant and equipment		**43,950**	51,190
Investment property	11	**5,900**	–
Financial asset at fair value through profit or loss		**1,371**	1,330
Deferred income tax assets		**2,516**	2,528
		76,431	76,730
Current assets			
Inventories	12	**128,585**	142,230
Trade receivables	13	**36,393**	40,375
Prepayments, deposits and other receivables	13	**13,773**	17,283
Current income tax recoverable		**172**	188
Pledged bank deposits		**23,980**	23,638
Cash and cash equivalents		**103,043**	116,547
		305,946	340,261
Total assets		**382,377**	416,991
EQUITY			
Equity attributable to owners of the Company			
Share capital		**4,086**	4,086
Share premium		**109,611**	109,611
Exchange reserve		**2,571**	2,697
Capital reserve		**21,656**	21,656
Retained earnings		**109,282**	121,218
		247,206	259,268
Non-controlling interests		**(2,649)**	(161)
Total equity		**244,557**	259,107

		As at 31 March	
		2023	2022
	Notes	***HK$'000***	*HK$'000*
LIABILITIES			
Non-current liabilities			
Lease liabilities	10	**20,419**	20,558
		20,419	20,558
Current liabilities			
Trade and bills payables	14	**93,103**	107,541
Accruals and other payables	14	**20,375**	19,527
Current income tax liabilities		**515**	8,318
Lease liabilities	10	**3,408**	1,940
		117,401	137,326
Total liabilities		**137,820**	157,884
Total equity and liabilities		**382,377**	416,991

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 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) Amendments to standards, annual improvements and accounting guideline adopted by the Group

The Group has applied the following, amendments to standards, annual improvements and accounting guideline for the first time for its financial year commencing on 1 April 2022:

Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope amendments
Amendments to Annual Improvement Project	Annual improvements 2018–2020 cycle
Accounting Guideline 5 (Revised)	Merger accounting for common control combinations

The adoption of the above amendments to standards, annual improvements and accounting guideline did not have any significant impact to the results and financial position of the Group.

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

The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning on 1 April 2022 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of accounting policies	1 April 2023
Amendments to HKAS 8	Definition of accounting estimates	1 April 2023
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 April 2023
HKFRS 17	Insurance contracts	1 April 2023
Amendments to HKFRS 17	Amendments to HKFRS 17	1 April 2023
HKFRS 17	Initial application of HKFRS 17 and HKFRS 9 – comparative information	1 April 2023
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 April 2024
Amendments to HKAS 1	Non-current liabilities with covenants	1 April 2024
Amendments to HKFRS 16	Lease liability in a sale and leaseback	1 April 2024
HK-Interpretation 5 (Revised)	Presentation of financial statements – Classification by the borrower of a term loan that contains a repayments on demand clause	1 April 2024
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, amendments to standards and interpretation that are not yet effective are 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 of the Company. The directors of the Company 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 regularly reviewed by the directors of the Company for the purposes of allocating resources and assessing performance of the operating segment is the Consolidated Financial Statements, no separate segmental analysis is presented in these Consolidated Financial Statements.

The amounts provided to the directors of the Company 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	
	2023	2022
	HK$'000	*HK$'000*
The United States of America ("**US**")	**347,326**	494,021
Spain	**–**	3,835
Canada	**26,585**	33,997
Other countries	**72,607**	85,733
	446,518	617,586

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	
	2023	2022
	HK$'000	*HK$'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)	**16,716**	11,583
Hong Kong	**9,861**	9,967
Kingdom of Cambodia ("**Cambodia**")	**45,967**	51,322
	72,544	72,872

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	
	2023	2022
	HK$'000	*HK$'000*
Customer A	**132,886**	92,584
Customer B	**113,272**	208,586
Customer C	**77,791**	116,159
Customer D	**50,072**	82,909
Customer E	**32,581**	59,835
	406,602	560,073

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

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

	Year ended 31 March	
	2023	2022
	HK$'000	*HK$'000*
Revenue:		
Sales of goods	**446,518**	617,586

Revenue of HK$308,000 (2022: HK$304,000) recognised for the year ended 31 March 2023 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	
	2023	2022
	HK$'000	*HK$'000*
Other income:		
Rental income	**1,565**	–
Sundry income	**229**	74
Government subsidies *(Note)*	**–**	956
	1,794	1,030
Other gains/(losses), net:		
Net exchange gains/(losses)	**5,486**	(2,570)
Gain on sales of scrap materials	**343**	320
Fair value change of financial asset at fair value through profit or loss	**41**	40
	5,870	(2,210)
	7,664	(1,180)

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	
	2023	2022
	HK$'000	*HK$'000*
Cost of inventories sold	**198,788**	256,045
Sub-contracting charges	**58,621**	90,600
Transportation and customs charges	**12,806**	20,800
Lease rental in respect of land and building	**289**	514
Employee benefit expense	**137,124**	158,467
Auditor's remuneration		
– Audit services	**1,720**	1,720
Travelling expenses	**825**	601
Entertainment expenses	**1,011**	1,058
Depreciation of property, plant and equipment	**6,727**	6,870
Depreciation of investment property	**1,073**	–
Depreciation of right-of-use assets	**3,284**	2,195
Legal and professional fees	**2,922**	3,543
Utilities	**3,411**	3,339
Repairs and maintenance	**1,021**	872
Donations	**50**	287
Other expenses	**16,931**	15,053
Total cost of sales, selling and distribution expenses and administrative expenses	**446,603**	561,964

Note: As at 31 March 2023 and 2022, 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	
	2023	2022
	HK$'000	*HK$'000*
Finance costs:		
– Interest expense on bills payable	**(2,021)**	(1,057)
– Interest expense on lease liabilities	**(1,190)**	(1,097)
	(3,211)	(2,154)
Finance income:		
– Interest income on bank deposits	**1,007**	91
Finance costs, net	**(2,204)**	(2,063)

7. INCOME TAX EXPENSES

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

	Year ended 31 March	
	2023	2022
	HK$'000	*HK$'000*
Current income tax:		
– Hong Kong profits tax	**1,884**	8,965
– Overseas taxation	**1,493**	4,027
Under-provision in prior years	**392**	1,507
	3,769	14,499
Deferred income tax	**(82)**	(1,545)
	3,687	12,954

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) for the year ended 31 March 2023 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% (2022: 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% (2022: 20%) on the estimated assessable profit for the year. Subsidiaries incorporated in PRC is subject to the PRC corporate income tax based on the statutory income tax rate of 25% for the year (2022: 25%).

8. DIVIDENDS

The Board has recommended the payment of a final dividend of Nil per share (2022: HK2.0 cents per share) and a special dividend of HK1.0 cent per share (2022: HK2.0 cents per share) amounting to an aggregate of approximately HK$4,086,000 (2022: HK$16,345,000) for the year ended 31 March 2023. The proposed special dividend for the 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 these dividend payable.

	Year ended 31 March	
	2023	2022
	HK$'000	*HK$'000*
Interim dividend declared and paid of HK1.0 cent (2022: HK$1.5 cents) per share	**4,086**	6,129
Interim special dividend declared and paid of Nil (2022: HK$0.5 cent) per share	**–**	2,043
	4,086	8,172
Proposed final dividend of Nil (2022: HK2.0 cents) per share	**–**	8,173
Proposed special dividend of HK1.0 cent (2022: HK2.0 cents) per share	**4,086**	8,172
	4,086	16,345
Total dividends attributable to the year	**8,172**	24,517

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	
	2023	2022
Profit attributable to owners of the Company *(HK$'000)*	**8,495**	39,544
Weighted average number of shares in issue *(thousands shares)*	**408,626**	408,626
Basic earnings per share *(HK cents)*	**2.1**	9.7

(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 2023 (2022: 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:

	Land under non-cancellable operating leases *(Note)* *HK$'000*	**Land use rights** *HK$'000*	**Total** *HK$'000*
Right-of-use assets			
As at 1 April 2021	23,659	218	23,877
Depreciation	(2,152)	(43)	(2,195)
As at 31 March 2022	21,507	175	21,682
As at 1 April 2022	**21,507**	**175**	**21,682**
Additions	**4,357**	**–**	**4,357**
Depreciation	**(3,240)**	**(44)**	**(3,284)**
Currency translation differences	**(61)**	**–**	**(61)**
As at 31 March 2023	**22,563**	**131**	**22,694**

	As at 31 March	
	2023 *HK$'000*	2022 *HK$'000*
Lease liabilities		
Current	**3,408**	1,940
Non-current	**20,419**	20,558
	23,827	22,498

(b) Amounts recognised in the consolidated income statement

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

	Year ended 31 March	
	2023	2022
	HK$'000	*HK$'000*
Depreciation of right-of-use assets		
Land under non-cancellable operating leases	**(3,240)**	(2,151)
Land use rights	**(44)**	(44)
	(3,284)	(2,195)
Interest expense	**(1,190)**	(1,097)
Expense relating to short-term leases (included in administrative expenses)	**(289)**	(514)

The total cash outflow for leases for the year ended 31 March 2023 was approximately HK$4,445,000 (2022: approximately HK$3,490,000).

Note: As at 31 March 2023, the Group recognised right-of-use assets of HK$19,357,000 (2022: HK$21,507,000) and lease liabilities of HK$20,558,000 (2022: HK$22,498,000) in respect of a lease entered into with a related party with a payment of lease liabilities of HK$2,976,000 (2022: HK$2,976,000) during the year.

11. INVESTMENT PROPERTY

	HK$'000
As at 1 April 2022	–
Reclassification from property, plant and equipment	6,980
Depreciation charge	(1,073)
Currency translation differences	(7)
As at 31 March 2023	5,900

The Group leased a parcel of land in Dongguan, the PRC, where the Group's old factory was located (the "**Dongguan Old Factory**") and the rental for the entire lease term, which is expiring in December 2025, was fully settled in 1997. Following the establishment of the principal production facilities of the Group in Cambodia and the relocation of production base from the PRC to Cambodia, the operation of the Dongguan Old Factory was scaled down to cover mainly product development, administration and production support to the Cambodian production facility when required. In July 2022, 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 Dongguan Old Factory, which was completed in August 2022. On the basis that the Dongguan Old Factory will no longer be essential to the Group's future operations, the Dongguan Old Factory was leased out on 30 November 2022 to generate rental income until the end of the lease term in 2025.

Accordingly, this industrial property in the PRC has been reclassified as investment property for accounting purposes as at 31 March 2023.

The Group has adopted the cost model under HKAS 40. The investment property was stated at cost and the fair value of the Group's investment property at 31 March 2023 was HK$9,362,000 which was calculated by the income approach using the valuation technique of the discounted cash flow analysis, which requires (1) estimating future cash flows for a certain discrete projection period; (2) estimating the terminal value, if appropriate; and (3) discounting those amounts to present value at a rate of return that considers the relative risk of the cash flows and the time value of money. Terminal value represents the present value at the end of the discrete projection period of all subsequent cash flows to the end of the life of the asset or into perpetuity if the asset has an indefinite life.

Amounts recognised in consolidated income statement for the investment property:

	2023	2022
	HK$'000	*HK$'000*
Rental income from operating lease	**1,565**	–

12. INVENTORIES

	As at 31 March	
	2023	2022
	HK$'000	*HK$'000*
Raw materials	**46,235**	63,350
Work-in-progress	**48,373**	66,639
Finished goods	**33,977**	12,241
	128,585	142,230

The cost of inventories recognised as expense and included in "cost of sales" in the consolidated income statement amounted to HK$198,788,000 (2022: HK$256,045,000) for the year ended 31 March 2023.

13. TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 March	
	2023	2022
	HK$'000	*HK$'000*
Trade receivables *(Note)*	**38,667**	77,741
Less: provision for impairment of trade receivables	**(2,274)**	(37,366)
Trade receivables, net	**36,393**	40,375
Deposits	**1,483**	1,124
Prepayments	**6,029**	2,818
Value-added tax recoverable	**4,722**	13,327
Other receivables	**3**	14
Accrued revenue	**1,536**	–
	13,773	17,283
	50,166	57,658

The maximum exposure to credit risk as at 31 March 2023 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, value-added tax recoverable and accrued revenue are denominated in the following currencies:

	As at 31 March	
	2023	2022
	HK$'000	*HK$'000*
United States dollars ("**US$**")	**37,232**	41,214
HK$	**78**	296
Renminbi ("**RMB**")	**569**	3
	37,879	41,513

Note: The credit terms of trade receivables generally range from 30 to 90 days from the invoice date. As at 31 March 2023, the ageing analysis of the gross trade receivables based on the invoice date is as follows:

	As at 31 March	
	2023	2022
	HK$'000	*HK$'000*
Within 30 days	**37,771**	33,919
31 to 60 days	**849**	4,904
61 to 90 days	**2**	3,535
Over 90 days	**45**	35,383
	38,667	77,741

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

	As at 31 March	
	2023	2022
	HK$'000	*HK$'000*
Beginning of the year	**37,366**	37,324
(Reversal of provision for)/provision for impairment	**(4,319)**	42
Write-off	**(30,773)**	–
End of the year	**2,274**	37,366

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

14. TRADE AND BILLS PAYABLES, ACCRUALS AND OTHER PAYABLES

	As at 31 March	
	2023	2022
	HK$'000	HK$'000
Trade payables	**60,126**	69,183
Bills payable	**32,977**	38,358
	93,103	107,541
Accruals and other payables		
– Accrued salaries	**8,917**	10,137
– Other accruals and payables	**11,142**	9,082
– Contract liabilities	**316**	308
	20,375	19,527
	113,478	127,068

As at 31 March 2023, 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 2023, the ageing analysis of the trade and bills payables based on invoice date is as follows:

	As at 31 March	
	2023	2022
	HK$'000	*HK$'000*
Within 30 days	**61,224**	45,545
31 to 60 days	**13,824**	18,159
61 to 90 days	**5,434**	21,291
Over 90 days	**12,621**	22,546
	93,103	107,541

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

During this Year, the novel coronavirus disease 2019 ("**COVID-19**") continued to repeatedly wreak havoc around the world. Although the economies in the US and the European Union (the "**EU**") recovered vigorously, the operating environment remained complex and volatile. Rather than being transitory, high energy costs and high inflation rates prove persistent. This has resulted in rising interest rates, with no sign of them peaking in the near term. As a consequence, economic growth fell sharply, with consumers becoming more price-sensitive and reducing discretionary purchases causing high levels of channel inventory, leading retailers to delay orders. The strong US$ is exerting additional pressure on retailers outside the US. The supply of some raw materials, meanwhile, remains tight and logistics costs are higher when compared with that for Year 2022.

Major economies in the world have shown recovery and should further improve the overall sentiment. However, the downside risk is increased as the US consumer market, which accounted for more than 75% of the Group's total revenue, has been continuously influenced by the increasing trend of interest rate and inflation rate in the US which affected their purchasing power and consumer confidence in return. Besides, there was keen pricing competition from competitors with factories located in Southeast Asia during this Year as operations of these competitors were disrupted by a series of containment measures as a result of COVID-19 in Year 2022. Considerable uncertainties remain in the international community, and the era of black swans marks a watershed in the polarization of industry competition.

In a volatile operating environment, the Group places great emphasis on sustainability and internal control of business operations, and spares no effort to disperse production risks. Against the backdrop of the increasing complexity of global competition and cooperation, Cambodia is one of the most highly sought-after production bases by global manufacturing enterprises due to its advantages in terms of population, labour costs and cultural standards, as well as the local government's commitment to ensuring stable operations for supply chain companies. The Group initiated its Cambodian production capacity plan as early as 2013. Currently, the Group's principal production facilities in Cambodia (the "**Cambodian Production Facility**") accounts for approximately 90% of the Group's total production capacity, combining scale, power, agility and high quality output to effectively cater to the large number of orders from our customers in overseas markets. At the same time, the Cambodian Production Facility has also become a precious resource in the supply chain which brand partners are vying to secure, due to its improving core indicators of cost, efficiency and profitability. The management of the Company (the "**Management**") believes that Cambodia is expected to remain as one of the preferred manufacturing locations for its customers due to its relatively low labour costs and relatively stable general political situation when compared with some of the other Southeast Asian countries.

The generalised system of preferences program of the US (the "**US GSP**") which covered a period of three years 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. On the other hand, the Developing Countries Trading Scheme (the "**DCTS**") of the United Kingdom (the "**UK**") has come into effect on 1 April 2023, allowing all eligible goods to the UK from all beneficiary countries and territories under the program, including Cambodia, to be exempted from import tariffs. The DCTS replaces and improves the former trade preference scheme, with a new approach being taken regarding the origin of the goods exported from Cambodia to the UK. The Group continues to explore new market opportunities to diversity its customer base and capture greater market share in different markets.

During this Year, the Group's purchase orders received from the US have decreased by approximately HK$147 million or 30% when compared with that of Year 2022 as a result of a more challenging macro-economic environment in the US. This has contributed to the overall decrease in revenue of the Group for this Year by approximately HK$171 million or 28% to approximately HK$447 million for this Year when compared with that of Year 2022. Profit attributable to owners of the Company for this Year decreased by approximately HK$31.0 million to approximately HK$8.5 million from approximately HK$39.5 million for Year 2022, which was mainly attributable to the lower sales in the US and keen competition from the competitors. Cost optimisation is one of the Group's key strategies to maintain considerable returns. Despite keener competition, the Group continuously upgrades 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 brand customers' demands. The Group has used its best endeavours to tap into new opportunities under a challenging business environment.

The Group leased a parcel of land in Dongguan, the PRC where the Dongguan Old Factory was located and the rental for the entire term of lease was fully settled in 1997 with a then term expiring in December 2025. Following the establishment of the Cambodian Production Facility and the relocation of production base from the PRC to Cambodia, the operation of the Dongguan Old Factory was scaled down to mainly for product development and administrative purposes and to provide production support to the Cambodian Production Facility when 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 Dongguan Old Factory, which was completed in August 2022. Having considered that the Dongguan Old Factory was not essential for the Group's future operations, the Group entered into a letter of intent with an independent third party on 7 September 2022 (the "**Letter of Intent**") to dispose of the Dongguan Old Factory, subject to the results of the due diligence review and further negotiations between both parties (the "**Potential Disposal**"), whom may finalise and sign a formal agreement (the "**Formal Agreement**") on or before 10 November 2022 (the "**Time Limit**"). As no Formal Agreement in relation to the Potential Disposal was entered into by the end of the Time Limit and no mutual agreement was reached to further extend the Time Limit, the Letter of Intent ceased to be in effect. Accordingly, the Potential Disposal did not proceed. As the Letter of Intent is not legally binding (save for those provisions relating to the exclusivity, expenses, confidentiality, governing law and legal effect), none of the parties thereto shall have any rights, obligations and/or liabilities toward each other or any claims against the other. The halt of the Potential Disposal was not attributable to any fault on the part of the Group. Details of the Potential Disposal are set forth in the Company's announcements on 7 September, 4 October and 10 November 2022.

On 30 November 2022, an operating lease agreement over the Dongguan Old Factory had been signed with an independent third party at a monthly rental of RMB381,500 for the period covering from December 2022 to December 2025 (including the rent-free period from December 2022 to March 2023) (the "**Operating Lease Agreement**"). As disclosed in the Company's announcement on 30 November 2022, having considered that the Dongguan Old Factory is not essential for the Group's future operations, entering into the Operating Lease Agreement represents a good opportunity for the Group to realise cash at an attractive return. The proceeds to be received by the Group from the Operating Lease Agreement is expected to strengthen the cashflow of the Group and enhance the working capital condition of the Group.

INDUSTRY OVERVIEW

In respect of industry development, the demand for handbags is primarily driven by the increasing brand awareness among customers at a global level and the surging number of women in the workforce across various sectors. In addition, the increasing preference for sustainable and eco-friendly handbags among customers is offering strong growth opportunities in the market. Handbag manufacturers/brands may offer products made with vegan leather, plant-based and upcycled materials, and sustainable materials. Furthermore, with increased spending on goods through online platforms triggered by a shift in consumer habits in the recent years, the market has experienced significant growth. Startup e-retailers and e-commerce websites have gained more traction owing to festive/seasonal sales and discounted prices, convenience, and the availability of an extensive range of products on websites.

North America is expected to remain dominant throughout the upcoming financial year. The fashion industry's expanding influence over a wider audience is expected to fuel the demand for handbags in the North American region, given the high discretionary wealth of population. Furthermore, clearance sales and Black Friday deals are popular in the US, with women, in particular, crowding to acquire accessories such as purses. During these events, international suppliers in the North American regional market see a boost in sales. The market in the Asia Pacific region is also expected to grow. The rise in consumer buying power and increased number of online shopping platforms have fueled the demand for handbags across Asia Pacific. Growing fashion consciousness among consumers and spending on personal items and accessories have also supported the market growth.

Handbags can be described as a fashion accessory that is used, primarily by women, to hold essential personal utility products. Available in a wide variety of sizes, patterns and colors, handbags are usually manufactured by stitching multiple pieces of cloth or leather together. Shoulder, satchel, handheld and sling bags are the most common types of handbags available in the market. Nowadays, gender-neutral bags are also being widely preferred by consumers of all age groups.

The growing fashion accessories industry, along with an increasing working population across the globe and rapid urbanisation, represent key factors driving market growth. Furthermore, a significant rise in the female workforce in both developed and emerging economies has contributed to product demands. A majority of working professionals prefer carrying multiple essential items, such as laptops, tablets, wallets and snacks, in their handbags. This has led manufacturers to develop handbags which are highly functional, and equipped with various compartments such as laptop sleeves, key rings and mobile phone holders. Additionally, the proliferation of online retail portals that provide hassle-free shopping experience while offering a wide range of products is also contributing to market growth. Visually appealing and creatively designed products, along with their eco-friendly variants, are further creating a positive outlook for the market. Product premiumization and aggressive promotional activities by manufacturers and brands, along with the rising consumer expenditure on maintaining an aesthetically-pleasing and materialistically-sophisticated lifestyle, are projected to drive the market in the coming years.

PROSPECTS

The headwinds from the global economy are steadily increasing. However, the Group has a solid balance sheet and strong brands backed by operational excellence. We are confident in managing the business through this challenging period and emerging as a stronger company. Management remains confident of its capability to navigate around any challenges ahead and will continue to take prudent and responsible measures to preserve a healthy financial position to sustain the Group's operations. The Group will continue to strengthen its ability to meet customers' diversified requirements, leveraging our extensive experience and outstanding craftsmanship in the manufacturing, design, research and development of handbags.

In the post-COVID-19 era and with the uncertainties in the international, social and economic environment, Management are confronted with unprecedented challenges, but are also presented with opportunities not previously encountered. The Group will 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 decreased to approximately HK$446.5 million for this Year from approximately HK$617.6 million for Year 2022, representing a decrease of approximately 27.7%. The Group recorded a decrease in revenue from customers in the US by approximately HK$146.7 million from approximately HK$494.0 million for Year 2022 to approximately HK$347.3 million for this Year. This was mainly due to increasing trend of interest rate and inflation rate in the US which affected their purchasing power and consumer confidence in return.

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			
	2023		2022	
	HK$'000	*%*	*HK$'000*	*%*
Cambodia	**408,996**	**91.6**	574,957	93.1
Dongguan, the PRC	**37,522**	**8.4**	42,629	6.9
	446,518	**100.0**	617,586	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 94% of its total revenue for this Year, with sales to the single largest customer accounting for approximately 30% of its 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:

	Year ended 31 March	
	2023	2022
Revenue *(HK$'000)*	**446,518**	617,586
Quantities sold *(Unit'000)*	**5,450**	8,181
Average selling price *(HK$/Unit)*	**81.9**	75.5

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 decreased to approximately HK$379.0 million for this Year from approximately HK$490.0 million for Year 2022, representing a decrease of approximately 22.7%. The decrease in terms of percentage of the Group's cost of sales was less than that of the sales decrease for Year 2022, mainly due to the keen pricing competition from competitors with factories located in Southeast Asia during this Year as operations of these competitors were disrupted by a series of containment measures as a result of COVID-19 for Year 2022.

Gross profit and gross profit margin

With the contributing factors as mentioned above, the Group's gross profit decreased to approximately HK$67.6 million for this Year from approximately HK$127.6 million for Year 2022, representing a decrease of approximately 47.1%, and the Group's gross profit margin decreased to approximately 15.1% for this Year from approximately 20.7% for Year 2022, representing a decrease of approximately 5.6%.

Other gains/(losses), net

The Group's other gains/(losses) for this Year primarily consisted of (i) net exchange gains of approximately HK$5.5 million (Year 2022: exchange losses of approximately HK$2.6 million) mainly arising from the depreciation of RMB against HK$; and (ii) gain on sales of scrap materials of approximately HK$0.3 million (Year 2022: approximately HK$0.3 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$20.5 million for this Year from approximately HK$27.5 million for Year 2022, representing a decrease of approximately 25.2%, primarily as a result of decrease 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.

Reversal of impairment of trade receivables

As at 31 March 2023, the Group assessed the recoverability of trade receivables under the impairment model of Hong Kong Financial Reporting Standard ("**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$3.8 million of the total outstanding balance of approximately HK$23.2 million, which was fully provided for in the year ended 31 March 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$4.3 million has been reversed 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 increased by approximately HK$0.1 million or approximately 6.8% from approximately HK$2.1 million for Year 2022 to approximately HK$2.2 million for this Year, mainly due to the increase in the interest expenses for this Year.

Income tax expenses

The Group's income tax expenses decreased by approximately HK$9.3 million or approximately 71.5% from HK$13.0 million for Year 2022 to approximately HK$3.7 million for this Year. The decrease was mainly due to the decrease in assessable profit for this Year.

Profit for the year

As a result of the foregoing, the Group's net profit for this Year decreased by approximately HK$33.4 million or approximately 84.7% to approximately HK$6.0 million for this Year from approximately HK$39.4 million for Year 2022.

The Group's net profit margin decreased from approximately 6.4% for Year 2022 to approximately 1.3% for this Year, which was mainly due to the net effect of the decrease in gross profit margin, the decrease in selling and distribution expenses and the decrease in income tax expense for this Year.

FINANCIAL POSITION, LIQUIDITY AND FINANCIAL RESOURCES

Borrowings and pledge of assets

As at 31 March 2023, the Group had no bank borrowings (31 March 2022: Nil).

Banking facilities were secured by bank deposits of approximately HK$24.0 million as at 31 March 2023 (31 March 2022: 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 its transactions settled in HK$, US$ and RMB. Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the respective entity's functional currency.

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

As at 31 March 2023, 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 2023, the Group had cash and cash equivalents of approximately HK$103.0 million (31 March 2022: approximately HK$116.5 million). The Group's current ratio, gearing ratio and net debt to equity ratios are as follows:

	As at 31 March	
	2023	2022
Current ratio	**2.6**	2.5
Gearing ratio	**N/A**	N/A
Net debt to equity ratio	**Net cash**	Net cash

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.

Employees and remuneration policy

As at 31 March 2023, the Group employed a total of 3,477 employees (31 March 2022: 4,641 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$137.1 million (Year 2022: approximately HK$158.5 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 2023.

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 2023.

Capital commitments

As at 31 March 2023, the Group had no material capital expenditure contracted for but not yet incurred (31 March 2022: Nil) in respect of acquisition of property, plant and equipment.

Contingent liabilities

As at 31 March 2023, the Group did not have any significant contingent liabilities (31 March 2022: 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 "**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, which have been fully utilised as at 31 March 2023.

The table below sets out the allocation and utilisation of the Net Proceeds as at the date of this announcement:

	Allocation of Net Proceeds		**Utilized amount (as at the date of this announcement)**	**Unutilized Net Proceeds (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	8.6	10.1%	(8.6)	–
Upgrading existing software and hardware	5.0	5.9%	(5.0)	–
Refurbishment of the existing facilities	8.5	10.0%	(8.5)	–
Installing showrooms in Dongguan and Cambodia	8.5	10.0%	(8.5)	–
Accepting early repayment to suppliers for better terms of trade	7.7	9.0%	(7.7)	–
General working capital	21.4	25.0%	(21.4)	–
	85.3	100.0%	(85.3)	–

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$8.5 million has been used for refurbishment of the existing showroom, workshop and ancillary office as planned;

(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; and

(vi) regarding accepting early repayment to suppliers for better terms of trade, approximately HK$7.7 million has been used for accepting early repayment to suppliers for better terms of trade as planned.

ANNUAL GENERAL MEETING

The 2023 annual general meeting of the Company is scheduled to be held on Monday, 4 September 2023 (the "**2023 AGM**"). A notice convening the 2023 AGM will be issued and sent to the Shareholders in July 2023.

DIVIDENDS

The Board has resolved to recommend the payment of a final dividend of Nil per Share (Year 2022: HK2.0 cents per Share) and a special dividend of HK1.0 cent per Share (Year 2022: HK2.0 cents per Share), amounting to an aggregate of approximately HK$4,086,000 for this Year (Year 2022: HK$16,345,000) (the "**Proposed Special Dividend**") to the Shareholders whose names will appear on the register of members of the Company (the "**Register of Members**") on Wednesday, 11 October 2023.

The Proposed Special Dividend are subject to the approval by the Shareholders at the 2023 AGM. It is expected that the Proposed Special Dividend would be paid to the Shareholders on Thursday, 26 October 2023.

CLOSURE OF REGISTER OF MEMBERS

(i) 2023 AGM

For determining the Shareholder's entitlement to attend and vote at the 2023 AGM, the Register of Members will be closed from Wednesday, 30 August 2023 to Monday, 4 September 2023, 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 2023 AGM to be held on Monday, 4 September 2023, 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, 29 August 2023.

(ii) Proposed Special Dividend

Conditional on the passing of the resolution approving the Proposed Special Dividend by the Shareholders at the 2023 AGM, the Register of Members will be closed for determining the Shareholders' entitlement to the Proposed Special Dividend for this Year from Friday, 6 October 2023 to Wednesday, 11 October 2023, both days inclusive, during which period no transfer of the Shares will be registered. In order to qualify for the Proposed 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, 5 October 2023.

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 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, 19 June 2023

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.