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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)

**CONNECTED TRANSACTION
IN RELATION TO THE ACQUISITION OF THE PROPERTY**

THE ACQUISITION OF THE PROPERTY

The Board is pleased to announce that on 25 March 2024 (after trading hours), the Purchaser, an indirectly wholly-owned subsidiary of the Company, and the Sellers have entered into the Acquisition Agreement, pursuant to which the Purchaser has agreed to acquire, and the Sellers have agreed to sell, the Property, which is an industrial building located at Workshop 9, 6th Floor, Wah Yiu Industrial Centre, Nos. 30–32 Au Pui Wan Street, Sha Tin, New Territories, Hong Kong, at the Consideration of HK\$4,700,000. The Consideration will be settled in cash in two instalments, which is expected to be funded by internal resources of the Group. The Consideration is in line with the estimated market value of the Property as appraised by an independent property valuer.

As at the date of this announcement, the Property is subject to the Tenancy Agreement between the Sellers and Wah Sun Factory, an indirect wholly-owned subsidiary of the Company, which will expire on 31 March 2024. The Tenancy Agreement was renewed on 18 March 2024 for a term from 1 April 2024 to 31 March 2025. The Board believes 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. By acquiring the Property, the Group may also enjoy potential capital appreciation in the future and mitigate the Group's exposure to future expenditure increment.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Property is jointly owned by Ms. Ma Lan Heung and Ms. Chan Sim Kuen (i.e. the Sellers). As (i) Ms. Ma Lan Heung is an executive Director, and (ii) Ms. Chan Sim Kuen is the spouse of Mr. Ma Hing Man who is an executive Director, the Sellers are accordingly connected persons of the Company. The Acquisition therefore constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As all of the applicable percentage ratios in respect of the Acquisition are less than 5%, the Acquisition is subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(A) INTRODUCTION

The Board is pleased to announce that on 25 March 2024 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Sellers have entered into the Acquisition Agreement, pursuant to which the Purchaser has agreed to acquire, and the Sellers have agreed to sell, the Property at the Consideration of HK\$4,700,000 in cash.

(B) THE ACQUISITION

The Acquisition Agreement

Date: 25 March 2024

Parties: (i) the Purchaser; and
(ii) the Sellers.

Asset to be acquired

Pursuant to the Acquisition Agreement, the Purchaser has agreed to acquire, and the Sellers have agreed to sell, the Property.

The Property is an industrial building located at Workshop 9, 6th Floor, Wah Yiu Industrial Centre, Nos. 30–32 Au Pui Wan Street, Sha Tin, New Territories, Hong Kong with a gross floor area of approximately 112 sq. m. and is currently leased to the Group pursuant to the Tenancy Agreement between the Sellers and Wah Sun Factory which will expire on 31 March 2024. The Tenancy Agreement was renewed on 18 March 2024 for a term from 1 April 2024 to 31 March 2025. After the Acquisition, the Property will continue to be used as the Group's principal place of business in Hong Kong.

Based on the information provided by the Sellers, the original acquisition cost of the Property was approximately HK\$563,200.

The Consideration

The Consideration has been determined after arm's length negotiations between the Sellers and the Purchaser on normal commercial terms with reference to (i) the appraised value of the Property as at 22 March 2024 of HK\$4,770,000 contained in the valuation report issued by an independent property valuer in Hong Kong; and (ii) the prevailing market prices of properties of similar nature available in the same district.

The Consideration of HK\$4,700,000 will be settled in cash in two instalments: (i) HK\$470,000 upon the signing of the Acquisition Agreement; and (ii) the remaining balance of HK\$4,230,000 upon Completion. The Consideration is expected to be funded by internal resources of the Group.

All stamp duties shall be borne by the Purchaser. It is estimated that the cost of the Property together with stamp duties will be approximately HK\$4,787,500.

Condition precedent

Completion is conditional upon and subject to the Sellers giving and proving good title to the Property in accordance with Sections 13 and 13A of the Conveyancing and Property Ordinance (Chapter 219 of the Laws of Hong Kong).

Completion

Completion shall take place on or before 30 April 2024 subject to the fulfillment of the condition precedent mentioned above or such other date as the Sellers and Purchaser may agree in writing. The Sellers shall deliver the Property to the Purchaser upon Completion subject to the existing tenancy.

(C) INFORMATION ON THE GROUP AND THE PURCHASER

The Group principally manufactures and trades handbag products. The Purchaser is an indirectly wholly-owned subsidiary of the Company and its principal business activity is investment holding.

(D) INFORMATION ON THE SELLERS

The Sellers are Ms. Ma Lan Heung and Ms. Chan Sim Kuen. Ms. Ma Lan Heung is an executive Director and Ms. Chan Sim Kuen is the spouse of Mr. Ma Hing Man who is an executive Director.

(E) REASONS FOR AND BENEFITS OF THE ACQUISITION

As at the date of this announcement, the Property is subject to the Tenancy Agreement, the lease of which will expire on 31 March 2024. The Tenancy Agreement was renewed on 18 March 2024 for a term from 1 April 2024 to 31 March 2025. The Board believes 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. By acquiring the Property, the Group may also enjoy potential capital appreciation in the future and mitigate the Group's exposure to future expenditure increment.

The Board (excluding the Abstained Directors but including the independent non-executive Directors) is of the view that although the Acquisition is not in the ordinary and usual course of business of the Group, the Acquisition is in the interests of the Company and the Shareholders as a whole and the terms of the Acquisition Agreement are fair and reasonable and on normal commercial terms.

The Directors confirmed that, save for the Abstained Directors, none of them have a material interest in the Acquisition Agreement and the transaction contemplated thereunder, and none of them were required to abstain from voting in respect of the relevant Board resolution. The Abstained Directors abstained from voting on the Board resolution in relation to the Acquisition Agreement and the transaction contemplated thereunder.

(F) LISTING RULES IMPLICATIONS

As at the date of this announcement, the Property is jointly owned by Ms. Ma Lan Heung and Ms. Chan Sim Kuen (i.e. the Sellers). As (i) Ms. Ma Lan Heung is an executive Director, and (ii) Ms. Chan Sim Kuen is the spouse of Mr. Ma Hing Man who is an executive Director, the Sellers are accordingly connected persons of the Company under Chapter 14A of the Listing Rules. The Acquisition therefore constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As all the applicable percentage ratios in respect of the Acquisition are less than 5%, the Acquisition is subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(G) DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Abstained Directors”	Mr. Ma Hing Man, Mr. Ma Hing Ming, Ms. Ma Lan Chu, Mr. Ma Yum Chee and Ms. Ma Lan Heung, being Directors that have entered into an acting in concert deed dated 24 June 2017, are the ultimate group of controlling shareholders of the Group, and are regarded as having a material interest in the Acquisition, and were accordingly required to abstain from voting on the relevant Board resolution on such transaction
“Acquisition”	the acquisition of the Property pursuant to the Acquisition Agreement
“Acquisition Agreement”	the acquisition agreement entered into between the Purchaser and the Sellers on 25 March 2024 (after trading hours) in respect of the sale and purchase of the Property
“Board”	the board of the Directors
“Company”	Wah Sun Handbags International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the ordinary shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Acquisition
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration of HK\$4,700,000 for the Acquisition which is to be settled in cash in two instalments
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Property”	an industrial building located at Workshop 9, 6th Floor, Wah Yiu Industrial Centre, Nos. 30–32 Au Pui Wan Street, Sha Tin, New Territories, Hong Kong
“Purchaser”	Union Gold Holdings Limited, a company incorporated under the laws of Hong Kong and an indirect wholly-owned subsidiary of the Company
“Sellers”	Ms. Ma Lan Heung, an executive Director, and Ms. Chan Sim Kuen, the spouse of Mr. Ma Hing Man who is an executive Director, both of them are connected persons of the Company under Chapter 14A of the Listing Rules
“Shareholder(s)”	holder(s) of the ordinary share(s) in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement dated 31 March 2023 entered into between the Sellers and Wah Sun Factory as the tenant for a term from 1 April 2022 to 31 March 2024, which has been renewed on 18 March 2024 for a term from 1 April 2024 to 31 March 2025
“Wah Sun Factory”	Wah Sun Hand-bag Factory Co. Ltd, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“sq. m.”	square meters
“%”	per cent.

By Order of the Board
Wah Sun Handbags International Holdings Limited
Ma Hing Man
Chairman and Executive Director

Hong Kong, 25 March 2024

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. Ho Lai Chuen as the independent non-executive Directors.