

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

## **WAH SUN HANDBAGS INTERNATIONAL HOLDINGS LIMITED**

### **華新手提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 2025**

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 2025 (the “**Year**”) together with the comparative figures for the year ended 31 March 2024 (“**Year 2024**”).

### **HIGHLIGHTS**

- Revenue for the Year increased by approximately 21.8% to approximately HK\$724.1 million (Year 2024: approximately HK\$594.4 million);
- Gross profit for the Year increased by approximately 52.0% to approximately HK\$159.6 million (Year 2024: approximately HK\$105.0 million);
- Gross profit margin for the Year increased by approximately 4.3% to approximately 22.0% (Year 2024: approximately 17.7%);
- Reversal of provision for impairment of trade receivables for the Year was approximately HK\$38,000 (Year 2024: Provision for impairment of trade receivables of approximately HK\$2.7 million);
- Net profit for the Year attributable to owners of the Company increased by approximately 125.5% to approximately HK\$64.3 million (Year 2024: approximately HK\$28.5 million);
- Earnings per share attributable to owners of the Company increased by approximately HK8.7 cents to approximately HK15.7 cents (Year 2024: approximately HK7.0 cents); and
- The Board has resolved to recommend the payment of a final dividend of HK4.0 cents per ordinary share of the Company (each a “**Share**” and collectively the “**Shares**”) (Year 2024: HK2.0 cents per Share) and a special dividend of HK2.0 cents per Share (Year 2024: HK1.0 cent per Share) for the Year.

# CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2025

|  |       | Year ended 31 March |                 |
|--|-------|---------------------|-----------------|
|  |       | 2025                | 2024            |
|  |       | HK\$'000            | HK\$'000        |
|  | Notes |                     |                 |
| Revenue  | 4     | 724,098             | 594,407         |
| Cost of sales  | 5     | (564,521)           | (489,412)       |
| <b>Gross profit</b>  |       | <b>159,577</b>      | <b>104,995</b>  |
| Other income   | 4     | 4,209               | 3,986           |
| Other gains, net   | 4     | 3,091               | 3,444           |
| Selling and distribution expenses  | 5     | (30,866)            | (24,862)        |
| Administrative expenses  | 5     | (54,455)            | (50,927)        |
| Reversal of provision for/(provision for)<br>impairment of trade receivables                     | 13    | 38                  | (2,669)         |
| <b>Operating profit</b>  |       | <b>81,594</b>       | <b>33,967</b>   |
| Finance income   | 6     | 3,956               | 3,347           |
| Finance costs  | 6     | (3,072)             | (4,401)         |
| Finance income/(costs), net  |       | 884                 | (1,054)         |
| <b>Profit before income tax</b>  |       | <b>82,478</b>       | <b>32,913</b>   |
| Income tax expenses  | 7     | (15,671)            | (5,702)         |
| <b>Profit for the year</b>   |       | <b>66,807</b>       | <b>27,211</b>   |
| Profit/(loss) attributable to:   |       |                     |                 |
| Owners of the Company  |       | 64,274              | 28,504          |
| Non-controlling interests  |       | 2,533               | (1,293)         |
|  |       | <b>66,807</b>       | <b>27,211</b>   |
|  |       | <i>HK cents</i>     | <i>HK cents</i> |
| <b>Basic and diluted earnings per share for profit<br/>attributable to owners of the Company</b> | 9     | <b>15.7</b>         | <b>7.0</b>      |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 March 2025*

|   | Year ended 31 March |               |
|---|---------------------|---------------|
|   | 2025                | 2024          |
|   | HK\$'000            | HK\$'000      |
| <b>Profit for the year</b>  | <b>66,807</b>       | <b>27,211</b> |
| <b>Other comprehensive expense:</b>                                 |                     |               |
| <i>Item that may be reclassified subsequently to profit or loss</i> |                     |               |
| – Currency translation differences                                  | (64)                | (36)          |
| <b>Total comprehensive income for the year</b>                      | <b>66,743</b>       | <b>27,175</b> |
| Attributable to:  |                     |               |
| Owners of the Company   | 64,210              | 28,468        |
| Non-controlling interests   | 2,533               | (1,293)       |
|   | <b>66,743</b>       | <b>27,175</b> |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

|  |       | As at 31 March        |                       |
|--|-------|-----------------------|-----------------------|
|  |       | 2025                  | 2024                  |
|  | Notes | HK\$'000              | HK\$'000              |
| <b>ASSETS</b>  |       |                       |                       |
| <b>Non-current assets</b>                            |       |                       |                       |
| Right-of-use assets                                  | 10    | 17,349                | 20,160                |
| Property, plant and equipment                        |       | 41,820                | 40,722                |
| Investment property                                  | 11    | 1,607                 | 3,752                 |
| Financial asset at fair value through profit or loss |       | 1,455                 | 1,413                 |
| Deferred income tax assets                           |       | 1,957                 | 3,331                 |
|  |       | <u>64,188</u>         | <u>69,378</u>         |
| <b>Current assets</b>                                |       |                       |                       |
| Inventories  | 12    | 61,686                | 67,863                |
| Trade receivables                                    | 13    | 64,078                | 50,073                |
| Prepayments, deposits and other receivables          | 13    | 16,149                | 17,856                |
| Pledged bank deposits                                |       | 25,917                | 25,057                |
| Cash and cash equivalents                            |       | 188,849               | 141,081               |
|  |       | <u>356,679</u>        | <u>301,930</u>        |
| <b>Total assets</b>                                  |       | <u><b>420,867</b></u> | <u><b>371,308</b></u> |
| <b>EQUITY</b>  |       |                       |                       |
| <b>Equity attributable to owners of the Company</b>  |       |                       |                       |
| Share capital  |       | 4,086                 | 4,086                 |
| Reserves   |       | 290,849               | 255,243               |
|  |       | <u>294,935</u>        | <u>259,329</u>        |
| Non-controlling interests                            |       | (1,409)               | (3,942)               |
| <b>Total equity</b>                                  |       | <u><b>293,526</b></u> | <u><b>255,387</b></u> |

|                                     |    | <b>As at 31 March</b>  |                        |
|-------------------------------------|----|------------------------|------------------------|
|                                     |    | <b>2025</b>            | <b>2024</b>            |
| <i>Notes</i>                        |    | <b><i>HK\$'000</i></b> | <b><i>HK\$'000</i></b> |
| <b>LIABILITIES</b>                  |    |                        |                        |
| <b>Non-current liabilities</b>      |    |                        |                        |
| Lease liabilities                   | 10 | <u>15,369</u>          | <u>17,662</u>          |
| <b>Current liabilities</b>          |    |                        |                        |
| Trade and bills payables            | 14 | 74,960                 | 68,159                 |
| Accruals and other payables         | 14 | 28,839                 | 22,273                 |
| Current income tax liabilities      |    | 4,829                  | 3,945                  |
| Lease liabilities                   | 10 | <u>3,344</u>           | <u>3,882</u>           |
|                                     |    | <u>111,972</u>         | <u>98,259</u>          |
| <b>Total liabilities</b>            |    | <u>127,341</u>         | <u>115,921</u>         |
| <b>Total equity and liabilities</b> |    | <u>420,867</u>         | <u>371,308</u>         |

## 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 (Law 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 manufacturing and trading of handbag 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 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 basis of preparation and principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied for all of the years presented, unless otherwise stated.

The consolidated financial statements of the Group have been prepared in accordance with HKFRS Accounting Standards as 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 HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

**(a) Amended standards and interpretation adopted by the Group**

The Group has applied the following amended standards and interpretation for the first time for its financial year commencing on 1 April 2024:

|  |   |
|--|---|
| Amendments to Hong Kong Accounting Standard (“HKAS”) 1 | Classification of Liabilities as Current or Non-current   |
| Amendments to HKAS 1                                   | Non-current Liabilities with Covenants  |
| Amendments to HKFRS 16                                 | Lease Liability in a Sale and Leaseback   |
| Amendments to HK Interpretation 5 (Revised)            | Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause |
| Amendments to HKAS 7 and HKFRS 7                       | Supplier Finance Arrangements   |

The adoption of the above amended standards and interpretation did not have any significant impact to the results and financial position of the Group.

**(b) New and amended standards and interpretation that have been issued but are not effective**

The following new and amended standards and interpretation have been issued but are not effective for the financial year beginning on 1 April 2024 and have not been early adopted by the Group:

|  |  | <b>Effective for annual periods beginning on or after</b> |
|--|--|---|
| Amendments to HKAS 21 and HKFRS 1                            | Lack of Exchangeability  | 1 April 2025  |
| Amendments to HKFRS 9 and HKFRS 7                            | Classification and Measurement of Financial Instruments                                  | 1 April 2026  |
| Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 | Annual Improvements to HKFRS Accounting Standards – Volume 11                            | 1 April 2026  |
| HKFRS 18   | Presentation and Disclosure in Financial Statements                                      | 1 April 2027  |
| HKFRS 19   | Subsidiaries without Public Accountability: Disclosures                                  | 1 April 2027  |
| Amendments to HK Interpretation 5                            | Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause | 1 April 2027  |
| Amendments to HKFRS 10 and HKAS 28                           | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture    | To be determined  |

These new and amended standards and interpretation are not expected to have a material impact on the consolidated financial statements of the Group in the current or future reporting periods and on foreseeable future transactions when they become effective, except for HKFRS 18 which will impact the presentation of profit and loss. The Group is still in the process of evaluating the impact of adoption of HKFRS 18.

### 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 manufacturing and trading of handbag 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 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 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 |                  |
|---|---------------------|------------------|
|   | 2025<br>HK\$'000    | 2024<br>HK\$'000 |
| The United States of America (“US”)   | 542,630             | 485,560          |
| Canada  | 56,576              | 45,873           |
| Netherlands   | 36,605              | 10,718           |
| 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) | 22,874              | 8,291            |
| Other countries   | 65,413              | 43,965           |
|   | <u>724,098</u>      | <u>594,407</u>   |

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   |                  |
|----------------------------------|------------------|------------------|
|                                  | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
| PRC                              | 6,752            | 10,825           |
| Hong Kong                        | 15,362           | 10,834           |
| Kingdom of Cambodia (“Cambodia”) | 38,662           | 42,975           |
|                                  | <u>60,776</u>    | <u>64,634</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 |                |
|------------|---------------------|----------------|
|            | 2025                | 2024           |
|            | HK\$'000            | HK\$'000       |
| Customer A | 185,172             | 136,729        |
| Customer B | 173,462             | 172,882        |
| Customer C | 133,815             | 128,200        |
| Customer D | 75,979              | 7,230          |
| Customer E | 73,303              | 102,202        |
|            | <u>641,731</u>      | <u>547,243</u> |

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

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

|                 | Year ended 31 March |                |
|-----------------|---------------------|----------------|
|                 | 2025                | 2024           |
|                 | HK\$'000            | HK\$'000       |
| <b>Revenue:</b> |                     |                |
| Sales of goods  | <u>724,098</u>      | <u>594,407</u> |

Revenue of HK\$447,000 (2024: HK\$316,000) recognised for the year ended 31 March 2025 relates to contract liabilities brought forward from the prior year.

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

|   | Year ended 31 March |              |
|---|---------------------|--------------|
|   | 2025                | 2024         |
|   | HK\$'000            | HK\$'000     |
| <b>Other income:</b>  |                     |              |
| Rental income   | 4,044               | 3,963        |
| Sundry income   | <u>165</u>          | <u>23</u>    |
|   | <u>4,209</u>        | <u>3,986</u> |
| <b>Other gains, net:</b>  |                     |              |
| Net exchange gains  | 2,753               | 3,225        |
| Gain on sales of scrap materials  | 296                 | 181          |
| Fair value change of financial asset at fair value through profit or loss | 42                  | 42           |
| Loss on disposal of property, plant and equipment                         | <u>–</u>            | <u>(4)</u>   |
|   | <u>3,091</u>        | <u>3,444</u> |
|   | <u>7,300</u>        | <u>7,430</u> |

## 5. EXPENSES BY NATURE

|  | Year ended 31 March |                |
|--|---------------------|----------------|
|  | 2025                | 2024           |
|  | HK\$'000            | HK\$'000       |
| Cost of inventories sold   | 322,681             | 293,869        |
| Sub-contracting charges  | 83,157              | 65,546         |
| Transportation and customs charges   | 18,033              | 14,428         |
| Lease rental in respect of land and building                                       | 14                  | 284            |
| Employee benefit expense   | 177,881             | 149,385        |
| Auditor's remuneration   | 1,650               | 1,750          |
| Travelling expenses  | 1,032               | 983            |
| Entertainment expenses   | 1,925               | 1,994          |
| Depreciation of property, plant and equipment                                      | 5,235               | 5,846          |
| Depreciation of investment property  | 2,144               | 2,144          |
| Depreciation of right-of-use assets  | 4,131               | 3,643          |
| Legal and professional fees  | 3,062               | 2,831          |
| Utilities  | 4,660               | 4,062          |
| Repairs and maintenance  | 984                 | 773            |
| Donations  | 978                 | 248            |
| Other expenses   | 22,275              | 17,415         |
|  | <hr/>               | <hr/>          |
| Total cost of sales, selling and distribution expenses and administrative expenses | <b>649,842</b>      | <b>565,201</b> |
|  | <hr/>               | <hr/>          |

*Note:* As at 31 March 2025 and 2024, the Group had no forfeited contribution available to reduce its existing level of contribution to the retirement benefit schemes in future years.

## 6. FINANCE INCOME/(COSTS), NET

|   | Year ended 31 March |                |
|---|---------------------|----------------|
|   | 2025                | 2024           |
|   | HK\$'000            | HK\$'000       |
| <b>Finance costs:</b>                   |                     |                |
| – Interest expense on bills payable     | (1,997)             | (3,282)        |
| – Interest expense on lease liabilities | (1,075)             | (1,119)        |
|   | <hr/>               | <hr/>          |
|   | (3,072)             | (4,401)        |
| <b>Finance income:</b>                  |                     |                |
| – Interest income on bank deposits      | 3,956               | 3,347          |
|   | <hr/>               | <hr/>          |
| Finance income/(costs), net             | <b>884</b>          | <b>(1,054)</b> |
|   | <hr/>               | <hr/>          |

## 7. INCOME TAX EXPENSES

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

|                                       | Year ended 31 March |              |
|---------------------------------------|---------------------|--------------|
|                                       | 2025                | 2024         |
|                                       | HK\$'000            | HK\$'000     |
| <b>Current income tax:</b>            |                     |              |
| – Hong Kong profits tax               | 5,272               | 3,509        |
| – Overseas taxation                   | 9,083               | 3,041        |
| (Over)/under-provision in prior years | (41)                | 3            |
|                                       | <u>14,314</u>       | <u>6,553</u> |
| Deferred income tax                   | 1,357               | (851)        |
|                                       | <u>15,671</u>       | <u>5,702</u> |

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) for the year ended 31 March 2025 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% (2024: 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% (2024: 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 (2024: 25%). Those PRC subsidiaries were entitled to Corporate Income Tax (“CIT”) preferential tax treatment for Small and Thin-Profit Enterprises with preferential effective CIT rate of 5% for the first RMB3,000,000 of annual taxable income for the year ended 31 March 2025 (2024: same).

## 8. DIVIDENDS

The Board has recommended the payment of a final dividend of HK4.0 cents per share (2024: HK2.0 cents per share) and a special dividend of HK2.0 cents per share (2024: HK1.0 cent per share) amounting to an aggregate of approximately HK\$24,518,000 (2024: HK\$12,259,000) for the year ended 31 March 2025. The proposed final and special dividends 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 |               |
|--|---------------------|---------------|
|  | 2025                | 2024          |
|  | HK\$'000            | HK\$'000      |
| Interim dividend declared and paid of HK3.0 cents<br>(2024: HK2.0 cents) per share       | 12,259              | 8,173         |
| Interim special dividend declared and paid of HK1.0 cent<br>(2024: HK1.0 cent) per share | 4,086               | 4,086         |
|  | <u>16,345</u>       | <u>12,259</u> |
| Proposed final dividend of HK4.0 cents (2024: HK2.0 cents)<br>per share                  | 16,345              | 8,173         |
| Proposed special dividend of HK2.0 cents (2024: HK1.0 cent)<br>per share                 | 8,173               | 4,086         |
|  | <u>24,518</u>       | <u>12,259</u> |
| Total dividends attributable to the year   | <u>40,863</u>       | <u>24,518</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.

|  | Year ended 31 March |         |
|--|---------------------|---------|
|  | 2025                | 2024    |
| Profit attributable to owners of the Company ( <i>HK\$'000</i> )       | 64,274              | 28,504  |
| Weighted average number of shares in issue ( <i>thousands shares</i> ) | 408,626             | 408,626 |
| Basic earnings per share ( <i>HK cents</i> )                           | 15.7                | 7.0     |

### (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 2025 (2024: 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:

|                                  | Leased land<br>and office<br>premises<br><i>HK\$'000</i><br>( <i>Note</i> ) | Land use rights<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
|----------------------------------|---|------------------------------------|--------------------------|
| <b>Right-of-use assets</b>       |   |                                    |                          |
| As at 1 April 2023               | 22,563  | 131                                | 22,694                   |
| Additions                        | 1,223   | –                                  | 1,223                    |
| Depreciation                     | (3,596)   | (47)                               | (3,643)                  |
| Currency translation differences | (114)   | –                                  | (114)                    |
| As at 31 March 2024              | 20,076  | 84                                 | 20,160                   |
| As at 1 April 2024               | 20,076  | 84                                 | 20,160                   |
| Additions                        | 1,349   | –                                  | 1,349                    |
| Depreciation                     | (4,084)   | (47)                               | (4,131)                  |
| Currency translation differences | (29)  | –                                  | (29)                     |
| As at 31 March 2025              | 17,312  | 37                                 | 17,349                   |
|                                  |   | As at 31 March                     |                          |
|                                  |   | 2025                               | 2024                     |
|                                  |   | <i>HK\$'000</i>                    | <i>HK\$'000</i>          |
| <b>Lease liabilities</b>         |   |                                    |                          |
| Current                          |   | 3,344                              | 3,882                    |
| Non-current                      |   | 15,369                             | 17,662                   |
|                                  |   | 18,713                             | 21,544                   |

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

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

|   | 2025<br>HK\$'000   | 2024<br>HK\$'000   |
|---|--------------------|--------------------|
| <b>Depreciation of right-of-use assets</b>                                      |                    |                    |
| Leased land and office premises   | (4,084)            | (3,596)            |
| Land use rights   | (47)               | (47)               |
|   | <u>(4,131)</u>     | <u>(3,643)</u>     |
| <br>Interest expense  | <br><u>(1,075)</u> | <br><u>(1,119)</u> |
| <br>Expense relating to short-term leases (included in administrative expenses) | <br><u>(14)</u>    | <br><u>(284)</u>   |

The total cash outflow for leases for the year ended 31 March 2025 was approximately HK\$5,226,000 (2024: approximately HK\$4,793,000).

*Note:* As at 31 March 2025, the Group recognised right-of-use assets of HK\$15,055,000 (2024: HK\$17,206,000) and lease liabilities of HK\$16,487,000 (2024: HK\$18,555,000) in respect of a lease entered into with a related party with a payment of lease liabilities of HK\$2,976,000 (2024: HK\$2,976,000) during the Year.

**11. INVESTMENT PROPERTY**

|                                  | HK\$'000     |
|----------------------------------|--------------|
| As at 1 April 2023               | 5,900        |
| Depreciation charge              | (2,144)      |
| Currency translation differences | (4)          |
|                                  | <u>3,752</u> |
| <b>As at 31 March 2024</b>       | <b>3,752</b> |
| <br>As at 1 April 2024           | <br>3,752    |
| Depreciation charge              | (2,144)      |
| Currency translation differences | (1)          |
|                                  | <u>1,607</u> |
| <b>As at 31 March 2025</b>       | <b>1,607</b> |

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 2025.

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 as at 31 March 2025 was HK\$2,507,000 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:

|                                    | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
|------------------------------------|------------------|------------------|
| Rental income from operating lease | <u>4,044</u>     | <u>3,963</u>     |

## 12. INVENTORIES

|                  | As at 31 March<br>2025<br>HK\$'000 | 2024<br>HK\$'000 |
|------------------|------------------------------------|------------------|
| Raw materials    | 18,770                             | 20,382           |
| Work-in-progress | 19,909                             | 24,840           |
| Finished goods   | <u>23,007</u>                      | <u>22,641</u>    |
|                  | <u>61,686</u>                      | <u>67,863</u>    |

The cost of inventories recognised as expense and included in "cost of sales" in the consolidated income statement amounted to HK\$322,681,000 (2024: HK\$293,869,000) for the Year.

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

|   | As at 31 March |               |
|---|----------------|---------------|
|   | 2025           | 2024          |
|   | HK\$'000       | HK\$'000      |
| Trade receivables ( <i>Note</i> )                   | 68,224         | 55,016        |
| Less: provision for impairment of trade receivables | (4,146)        | (4,943)       |
| Trade receivables, net                              | <u>64,078</u>  | <u>50,073</u> |
| Deposits  | 2,289          | 1,603         |
| Prepayments   | 5,556          | 9,590         |
| Value-added tax recoverable                         | 7,941          | 5,800         |
| Accrued revenue                                     | 363            | 863           |
|   | <u>16,149</u>  | <u>17,856</u> |
|   | <u>80,227</u>  | <u>67,929</u> |

The maximum exposure to credit risk as at 31 March 2025 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 |               |
|--------------------------------|----------------|---------------|
|                                | 2025           | 2024          |
|                                | HK\$'000       | HK\$'000      |
| United States dollars ("US\$") | 65,421         | 50,912        |
| HK\$                           | 221            | 219           |
| Renminbi ("RMB")               | 725            | 545           |
|                                | <u>66,367</u>  | <u>51,676</u> |

*Note:* The credit terms of trade receivables generally range from 30 to 90 days from the invoice date. As at 31 March 2025, the ageing analysis of the gross trade receivables based on the invoice date is as follows:

|                | As at 31 March |               |
|----------------|----------------|---------------|
|                | 2025           | 2024          |
|                | HK\$'000       | HK\$'000      |
| Within 30 days | 47,653         | 41,334        |
| 31 to 60 days  | 16,458         | 7,034         |
| 61 to 90 days  | 2,576          | 4,771         |
| Over 90 days   | 1,537          | 1,877         |
|                | <u>68,224</u>  | <u>55,016</u> |

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

|  | <b>As at 31 March</b> |                 |
|--|-----------------------|-----------------|
|  | <b>2025</b>           | <b>2024</b>     |
|  | <b>HK\$'000</b>       | <b>HK\$'000</b> |
| Beginning of the year                                | <b>4,943</b>          | 2,274           |
| (Reversal of provision for)/provision for impairment | <b>(38)</b>           | 2,669           |
| Write-off  | <b>(759)</b>          | –               |
|  | <hr/>                 | <hr/>           |
| End of the year                                      | <b>4,146</b>          | 4,943           |
|  | <hr/> <hr/>           | <hr/> <hr/>     |

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

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

|                               | <b>As at 31 March</b> |                 |
|-------------------------------|-----------------------|-----------------|
|                               | <b>2025</b>           | <b>2024</b>     |
|                               | <b>HK\$'000</b>       | <b>HK\$'000</b> |
| Trade payables                | <b>68,812</b>         | 55,565          |
| Bills payable                 | <b>6,148</b>          | 12,594          |
|                               | <hr/>                 | <hr/>           |
|                               | <b>74,960</b>         | 68,159          |
|                               | <hr/>                 | <hr/>           |
| Accruals and other payables   |                       |                 |
| – Accrued salaries            | <b>10,191</b>         | 9,690           |
| – Other accruals and payables | <b>18,167</b>         | 12,136          |
| – Contract liabilities        | <b>481</b>            | 447             |
|                               | <hr/>                 | <hr/>           |
|                               | <b>28,839</b>         | 22,273          |
|                               | <hr/>                 | <hr/>           |
|                               | <b>103,799</b>        | 90,432          |
|                               | <hr/> <hr/>           | <hr/> <hr/>     |

As at 31 March 2025, 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 2025, the ageing analysis of the trade and bills payables based on invoice date is as follows:

|                | <b>As at 31 March</b> |                 |
|----------------|-----------------------|-----------------|
|                | <b>2025</b>           | <b>2024</b>     |
|                | <b>HK\$'000</b>       | <b>HK\$'000</b> |
| Within 30 days | <b>52,751</b>         | 39,822          |
| 31 to 60 days  | <b>10,661</b>         | 10,942          |
| 61 to 90 days  | <b>4,549</b>          | 9,881           |
| Over 90 days   | <b>6,999</b>          | 7,514           |
|                | <hr/>                 | <hr/>           |
|                | <b>74,960</b>         | 68,159          |
|                | <hr/> <hr/>           | <hr/> <hr/>     |



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

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

During the Year, uncertainty regarding the economic outlook has persisted, fueled by slow global economic activity, tight financial conditions, and rising geopolitical tensions, which are expected to contribute to continued volatility this year. While inflation expectations have decreased across all regions, this is likely to lead to increased volatility in the global economy, a rise in localization, and a growing divergence between the Global North and South during this period. Additionally, the Russo-Ukrainian war has triggered a global energy crisis, causing a surge in raw material prices that has squeezed profits due to higher costs.

Major economies in the world have shown recovery and should further improve the overall sentiment. However, the downside risk has increased as the consumer market in the US, which accounted for more than 70% of the Group’s total revenue, may be influenced by the increasing trend of interest rate and inflation rate in the US which may affect their purchasing power and consumer confidence in return.

Besides, the trade dispute between the PRC and the US which has persisted with occasional confrontation flaring up.

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 co-operation, Cambodia has continuously become 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 Cambodian production base accounts for approximately 90% of the Group’s total production capacity, combining scale, power, agility and high quality output to effectively cater for the rapid recovery and the large number of orders from our customers in overseas markets. At the same time, the Cambodian base 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 still 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. Besides, the Management considers that competition in the handbag OEM industry is based on various factors, including quality of products, product development and price. With the Group’s experienced management team, long-standing history and good reputation in the industry, well-established quality control system and stable business relationships with its customers, the Management believes that the Group has a competitive advantage over its competitors.

Despite the drastic changes in the markets, the Management prudently and calmly confronted those challenges by swiftly modifying the operation strategies of the Group. During the Year, the revenue of the Group increased by approximately HK\$129.7 million or 21.8% to HK\$724.1 million when compared with that for Year 2024. Profit attributable to owners of the Company increased by approximately HK\$35.8 million to approximately HK\$64.3 million from approximately HK\$28.5 million for Year 2024, which was mainly attributable to the continuing market recovery in North America. Cost optimization 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 optimize 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.

In April 2024, 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\$4,700,000 (the “**Acquisition**”). The Property was leased to the Group before the Acquisition with a term of one year which expired on 31 March 2024. The tenancy agreement was renewed on 18 March 2024 for a term from 1 April 2024 to 31 March 2025. Details of the Acquisition are set out in the announcements of the Company dated 25 March 2024 and 16 May 2024, respectively. 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.

## INDUSTRY OVERVIEW

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

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

In respect of industry development, modern consumers seek handbags that not only offer aesthetic appeal and brand prestige but also practicality and functionality. Many brands strive to integrate fashion-forward designs with practical features, such as multiple compartments, adjustable straps, and internal organisation. 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 the increased spending on goods through online platforms triggered by a shift in consumer habits in the recent years, the market has been experiencing 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. Nevertheless, physical stores still play a significant role, offering customers the opportunity to touch and try on products. The handbag industry is a constantly evolving market, and trends may vary over time, seasons, and other factors.

In department stores, consumers can enjoy one-stop shopping for a wide range of clothing and accessories, including watches, jewelry, and handbags. This significantly accelerates the growth of the department store segment. Additionally, the regular discounts and coupons offered by these stores may encourage people to buy consumer goods, thereby supporting the demand for handbag products. Numerous large retailers are associated with clothing and accessories, generating substantial revenue from these items.

The handbag market is currently experiencing significant growth, particularly in the middle-range price bracket. This increase highlights the rising popularity of accessible fashion, with established brands leading the charge. The post-pandemic landscape has seen a resurgence in demand, prompting both established and new brands to re-enter this lucrative category, recognizing its potential for expansion.

Additionally, the segment of middle-range priced handbags is witnessing remarkable growth, driven by innovative brands that are redefining luxury with stylish yet affordable designs. This shift reflects a broader trend toward the democratization of luxury fashion, influenced by a rising middle class and the entry of younger consumers into the market. As shoppers become increasingly quality-conscious, they are drawn to products that offer both style and value.

Totes have solidified their position as the top-selling handbag style, remaining popular due to their practicality and versatility. The rise of remote work has fueled demand for larger, multifunctional bags that can accommodate work essentials while remaining stylish for social outings. Although there has been slight market saturation in tote styles, they continue to dominate consumer preferences, with other styles like shoulder bags and backpacks also gaining traction.

In North America, the accessible luxury segment is particularly strong, reflecting a response to inflation and the cost of living. Conversely, the Asia-Pacific region shows a higher interest in lower-priced handbags, indicating that consumers are actively seeking quality options at more affordable price points, while premium brands are introducing entry-level products to attract this demographic. This evolving landscape presents exciting opportunities for brands to innovate and cater to diverse consumer needs.

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.

## **PROSPECTS**

Looking ahead to the upcoming financial years, the increase in complicated and unpredictable geopolitics and related uncertainty may continue to shadow the outlook of the global economy, the downside risk is increased because of the trade dispute between the PRC and the US which has persisted with occasional confrontation flaring up, which will further undermine investment and consumer confidence. Although the global economy has improved steadily and consumption is expected to gradually recover, the external economic situation has not seen a rebound.

The US, where approximately 75% of the Group's overall revenue for the Year was generated from, has recently implemented tariffs as high as 49% on Cambodian imports under the Trump administration's new "reciprocal tariff" policy targeting nations with alleged significant trade violations. This measure has profoundly affected Cambodia's labor-intensive sectors, particularly apparel and footwear manufacturing where numerous American brands maintain production facilities. While experiencing some order disruptions, we remain cautiously optimistic that this may prompt constructive reassessment of bilateral trade relations.

Subsequently, the administration declared a 90-day suspension of these elevated tariffs for select countries including Cambodia. During this interim period, a reduced 10% tariff rate will be in effect, creating negotiation space for both parties. This grace period affords Cambodia a strategic window to pursue diplomatic consultations for more advantageous trade terms.

In an effort to further improve bilateral relations, the Prime Minister of Cambodia has proactively reduced import tariffs on 19 categories of American goods from a maximum of 35% to 5%. This move demonstrates a commitment to enhancing cooperation and dialogue. Although the US has not yet made significant concessions, the ongoing negotiations hold potential for mutually beneficial outcomes.

Despite the uncertainties as to the ultimate outcome of the proposed tariffs on Cambodian exports to the US which, if fully implemented, may impact on the business of the Group and while some factory operators are considering adjustments to their operations, we believe that the resilience of Cambodian manufacturing, coupled with ongoing efforts to strengthen trade relationships, will provide opportunities for recovery and growth. We remain committed to monitoring these developments closely and adapting our strategies to navigate the evolving landscape effectively. While the Group expects to continue to face pricing competition from other operators with factories in Southeast Asia, the Group will continue to leverage on our economies of scales and further enhance its manufacturing efficiency and production flexibility, new revenue streams and balanced growth to bring sustainable returns to the Shareholders.

As of the date of this announcement, our Group has not experienced any significant impact from the tariff disputes, as our sales performance remains robust and outpaced those for the Year. We will continue to leverage on our longstanding relationships with our local suppliers and maintain a flexible operational model to mitigate risks and seize new opportunities that may arise from the changing trade landscape.

The Board would also like to express our profound gratitude to our colleagues for their dedication under these extraordinary circumstances, and to our customers, Shareholders, suppliers, and partners for their loyalty, support, and commitment to us.

## 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. The Group's revenue increased to approximately HK\$724.1 million for the Year from approximately HK\$594.4 million for Year 2024, representing an increase of approximately 21.8%. The Group recorded an increase in revenue from customers in the US by approximately HK\$57.1 million from approximately HK\$485.6 million for Year 2024 to approximately HK\$542.6 million for the Year. Such increase was mainly due to the continuing orders placed by our existing and new customers as reported in the six months ended 30 September 2024 which continued into the second half of the Year. Moreover, orders from existing customers from Europe, particularly from the Netherlands, which rose from approximately HK\$10.7 million in Year 2024 to approximately HK\$36.6 million for the Year.

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 |             |                 |          |
|-------------------|---------------------|-------------|-----------------|----------|
|                   | 2025                |             | 2024            |          |
|                   | <i>HK\$'000</i>     | <i>%</i>    | <i>HK\$'000</i> | <i>%</i> |
| Cambodia          | <b>655,754</b>      | <b>90.6</b> | 557,516         | 93.8     |
| Dongguan, the PRC | <b>68,344</b>       | <b>9.4</b>  | 36,891          | 6.2      |
|                   | <b>724,098</b>      | <b>100</b>  | 594,407         | 100      |

The Group's strategy is to strengthen its customer base by continuing to grow its business with existing customers and capturing greater market share in different markets through sourcing new customers. The Group's sales to its top five customers accounted for approximately 88.6% of its total revenue for the Year, with sales to the single largest customer accounting for approximately 25.6% of its total revenue for the 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>2025</b>                | <b>2024</b> |
| Revenue ( <i>HK\$'000</i> )                | <b>724,098</b>             | 594,407     |
| Quantities sold ( <i>Unit'000</i> )        | <b>9,488</b>               | 8,123       |
| Average selling price ( <i>HK\$/Unit</i> ) | <b>76.3</b>                | 73.2        |

The increase in average selling price was due to different complexity of products sold which affected 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\$564.5 million for the Year from approximately HK\$489.4 million for Year 2024, representing an increase of approximately 15.3%. The increase in terms of percentage of the Group's cost of sales was less than that of the sales increase compared to Year 2024, 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\$159.6 million for the Year from approximately HK\$105.0 million for Year 2024, representing an increase of approximately 52.0%, and the Group's gross profit margin increased to approximately 22.0% for the Year from approximately 17.7% for Year 2024, representing an increase of approximately 4.3%.

### **Other gains, net**

The Group's other gains for the Year primarily consisted of (i) net exchange gains of approximately HK\$2.8 million (Year 2024: approximately HK\$3.2 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 2024: 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\$30.9 million for the Year from approximately HK\$24.9 million for Year 2024, representing an increase of approximately 24.1%. The increase was primarily due to the increase in transportation and customs charges, which was mainly because of the 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\$54.5 million for the Year from approximately HK\$50.9 million for Year 2024, representing an increase of approximately 6.9%, mainly due to the increase in the employee benefit expenses.

## **Reversal of provision for/provision for impairment of trade receivables**

As at 31 March 2025, 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 reversal of trade receivables, determined by way of the expected credit loss model, of approximately HK\$38,000 has been reversed and credited to the consolidated income statement of the Group as an income for the Year (Year 2024: provision for HK\$2.7 million).

## **Finance costs, net**

The Group's net finance income increased by approximately HK\$1.9 million to approximately HK\$0.9 million for the Year (Year 2024: net finance costs of approximately HK\$1.1 million).

The increase was mainly due to the increase in the interest income on bank deposits and decrease in interest expenses on bills payable for the Year.



## **Income tax expenses**

The Group's income tax expenses increased by approximately HK\$10.0 million or approximately 174.8% from HK\$5.7 million for Year 2024 to approximately HK\$15.7 million for the Year. The increase was mainly due to the increase in assessable profit for the Year.

## **Profit for the year**

As a result of the foregoing, the Group's net profit for the Year increased by approximately HK\$39.6 million or approximately 145.5% to approximately HK\$66.8 million for the Year from approximately HK\$27.2 million for Year 2024.

The Group's net profit margin increased from approximately 4.6% for Year 2024 to approximately 9.2% for the Year, which was mainly due to the net effect of the increase in gross profit margin, the increase in selling and distribution expenses and the increase in income tax expense for the Year.

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

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

As at 31 March 2025, the Group had no bank borrowings (31 March 2024: Nil).

Banking facilities were secured by bank deposits of approximately HK\$25.9 million as at 31 March 2025 (31 March 2024: approximately HK\$25.1 million).

### **Treasury policies**

The Group maintained a strong liquidity position during the Year by implementing cautious financial management practices for its treasury policies. In order to control liquidity risk, the Board keeps a careful eye on the Group's liquidity situation to make sure that the Group's assets, liabilities, and other commitments have enough liquidity to cover its periodic funding needs.

In order to continue financing its business for the foreseeable future, the Group seeks to preserve funding flexibility by maintaining adequate bank balances, committed credit lines, and interest-bearing borrowings.

### **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.

During the Year, 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.

The Group will review and monitor the relevant foreign exchange risk from time to time based on its business development requirements and may enter into foreign exchange hedging arrangements when and if applicable.

### **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 the 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 2025, the Group had cash and cash equivalents of approximately HK\$188.8 million (31 March 2024: approximately HK\$141.1 million). The cash and cash equivalents are denominated in HK\$, US\$ and RMB. The Group's current ratio, gearing ratio and net debt to equity ratios are as follows:

|                          | <b>As at 31 March</b> |                 |
|--------------------------|-----------------------|-----------------|
|                          | <b>2025</b>           | 2024            |
| Current ratio            | <b>3.2</b>            | 3.1             |
| Gearing ratio            | <b>N/A</b>            | N/A             |
| Net debt to equity ratio | <b>Net cash</b>       | <b>Net cash</b> |

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 the 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 the 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.

## **Employees and remuneration policy**

As at 31 March 2025, the Group employed a total of 4,586 employees (31 March 2024: 4,273 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 the Year, staff costs (including Directors' emoluments) amounted to approximately HK\$177.9 million (Year 2024: approximately HK\$149.4 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 on 2 January 2018, under which it may grant options to eligible persons. The Group also provides and arranges on-the-job training for the employees.

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

Save as disclosed in this announcement, the Group had not made any significant investments or material acquisitions and disposals of subsidiaries, associates or joint ventures during the Year.

## **Future plans for material investments or capital assets**

The Group did not have plans for material investments and capital assets as at 31 March 2025.

## **Capital commitments**

As at 31 March 2025, the Group had no material capital expenditure contracted for but not yet incurred (31 March 2024: Nil) in respect of acquisition of property, plant and equipment.

## **Contingent liabilities**

As at 31 March 2025, the Group did not have any significant contingent liabilities (31 March 2024: Nil).

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

There has been no important event which affects the Company and its subsidiaries occurring after the reporting period and up to the date of this announcement.

## **ANNUAL GENERAL MEETING**

The 2025 annual general meeting of the Company is scheduled to be held on Monday, 1 September 2025 (the “**2025 AGM**”). A notice convening the 2025 AGM will be published on the respective websites of the Stock Exchange and the Company in July 2025.

## **DIVIDENDS**

The Board has resolved to recommend the payment of a final dividend of HK4.0 cents per Share (Year 2024: HK2.0 cents per Share) and a special dividend of HK2.0 cents per Share (Year 2024: HK1.0 cent per Share), amounting to an aggregate of approximately HK\$24,518,000 for the Year (Year 2024: HK\$12,259,000) (the “**Proposed Final and Special Dividends**”) to the Shareholders whose names will appear on the register of members of the Company (the “**Register of Members**”) on Wednesday, 15 October 2025.

The Proposed Final and Special Dividends are subject to the approval by the Shareholders at the 2025 AGM. It is expected that the Proposed Final and Special Dividends would be paid to the Shareholders on Friday, 31 October 2025.

## **CLOSURE OF REGISTER OF MEMBERS**

### **(i) 2025 AGM**

For determining the Shareholder’s entitlement to attend and vote at the 2025 AGM, the Register of Members will be closed from Wednesday, 27 August 2025 to Monday, 1 September 2025, 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 2025 AGM to be held on Monday, 1 September 2025, 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, 26 August 2025.

### **(ii) Proposed Final and Special Dividends**

Conditional on the passing of the resolution approving the Proposed Final and Special Dividends by the Shareholders at the 2025 AGM, the Register of Members will be closed for determining the Shareholders’ entitlement to the Proposed Final and Special Dividends from Thursday, 9 October 2025 to Wednesday, 15 October 2025, both days inclusive, during which period no transfer of the Shares will be registered. In order

to qualify for the Proposed Final and Special Dividends, 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 Wednesday, 8 October 2025.

## **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 C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and did not deviate from any code provision during the Year and the period thereafter up to the date of this announcement.

## **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 C3 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 the current Directors have confirmed that they had complied with the required dealing standards as set out in the Model Code during the Year. The Model Code also applies to other specified senior management of the Group in respect of their dealings in the Company's securities.

## **SCOPE OF WORK OF PRICEWATERHOUSECOOPERS**

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2025 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the 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. Ho Lai Chuen.

The Audit Committee has reviewed, together with Management and the independent auditor, the accounting principles and practices adopted by the Group and has discussed auditing, internal control and financial reporting matters, including the review of the Consolidated Financial Statements.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the Year, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of its listed securities (including the sale of treasury shares). As at 31 March 2025, there were no treasury shares held by the Company.

## **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 the Year will be published on the aforesaid websites and the printed copy will be despatched to the Shareholders who requested printed copy 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 Year.

By Order of the Board

**Wah Sun Handbags International Holdings Limited**

**Ma Hing Man**

*Chairman and Executive Director*

Hong Kong, 23 June 2025

*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 INEDs.*