HANG SANG (SIU PO) INTERNATIONAL HOLDING COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3626)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2017

The board (the "**Board**") of directors (the "**Director(s)**") of Hang Sang (Siu Po) International Holding Company Limited (the "**Company**") hereby announces the consolidated financial results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 30 June 2017 together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2017

		2017	2016
	Note	***HK$'000***	*HK$'000*
Revenue	*4*	**105,223**	118,194
Cost of sales		**(61,229)**	(65,505)
Gross profit		**43,994**	52,689
Other income	*5*	**891**	1,139
Selling expenses		**(9,145)**	(8,849)
Administrative and other operating expenses		**(22,351)**	(37,129)
Profit before income tax	*6*	**13,389**	7,850
Income tax expense	*7*	**(2,719)**	(4,692)
Profit and total comprehensive income for the year		**10,670**	3,158
Earnings per share attributable to equity holders of the Company			
– basic and diluted	*9*	**HK5.80 cents**	HK2.20 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Note	2017 HK$'000	2016 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**9,704**	10,488
Deposits paid for acquisition of property, plant and equipment	*10*	**11,361**	1,895
		21,065	12,383
Current assets			
Inventories		**4,834**	4,889
Trade and other receivables	*10*	**15,942**	15,366
Cash and cash equivalents		**58,720**	62,900
		79,496	83,155
Current liabilities			
Trade and other payables	*11*	**9,525**	9,382
Current tax liabilities		**1,443**	7,060
		10,968	16,442
Net current assets		**68,528**	66,713
Total assets less current liabilities		**89,593**	79,096
Non-current liabilities			
Deferred tax liabilities		**1,344**	1,517
Net assets		**88,249**	77,579
EQUITY			
Share capital		**1,840**	1,840
Reserves		**86,409**	75,739
Total equity		**88,249**	77,579

NOTES

For the year ended 30 June 2017

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 8 October 2015 as an exempted company with limited liability. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is Block C, 5/F, Gee Hing Chang Industrial Building, No. 16 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 18 May 2016.

At 30 June 2017, the parent and ultimate holding company of the Company is HSSP Limited, a company incorporated in the British Virgin Islands (the "BVI") and is beneficially owned by Mr Fung Man Wai Samson and Mr Fung Man Kam (the "Controlling Shareholders"). The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in manufacturing and sale of apparel labels and packaging printing products.

The consolidated financial statements are presented in thousands of Hong Kong dollars ("HK$'000"), which is also the functional currency of the Company and its subsidiaries, unless otherwise stated.

2. BASIS OF PRESENTATION AND PREPARATION

Pursuant to the group reorganisation (the "Reorganisation") of the Group completed on 13 November 2015 in connection with the listing of the Company's shares on the main board of the Stock Exchange as detailed in the Prospectus dated 30 April 2016 issued by the Company, the Company became the holding company of the companies now comprising the Group. The companies comprising the Group were under the common control of the Controlling Shareholders prior to and after the Reorganisation. Accordingly, the Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. The Group was under the common control of the Controlling Shareholders prior to and after the Reorganisation.

The consolidated financial statements of the Group have been prepared using the principles of merger accounting as if the Company had always been the holding company of the Group and the current group structure had been in existence throughout the years ended 30 June 2017 and 2016, or since their respective dates of incorporation/establishment, where it is a shorter period.

The annual consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the accounting principles generally accepted in Hong Kong.

The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

The significant accounting policies that have been used in the preparation of the consolidated financial statements have been consistently applied to all the years presented unless otherwise stated. The adoption of new and amended HKFRSs and the impacts on the Group's consolidated financial statements, if any, are disclosed in note 3.

3. ADOPTION OF NEW AND AMENDED HKFRSs

The HKICPA has issued a number of new and amended HKFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

At the date of authorisation of the consolidated financial statements, the Group has not early adopted the following new and amended HKFRSs which are relevant to the Group's operation that have been issued but are not yet effective.

HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]
Amendments to HKAS 7	Disclosure Initiative[1]

[1] Effective for annual periods beginning on or after 1 January 2017
[2] Effective for annual periods beginning on or after 1 January 2018
[3] Effective for annual periods beginning on or after 1 January 2019

The Group is in the process of making an assessment of the impact of these new and amended HKFRSs upon initial application. Currently it has been considered that adoption of them is unlikely to have an impact on the Group's results of operations and financial position, except for the following:

HKFRS 9 "Financial Instruments" ("HKFRS 9")

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39 "Financial Instruments: Recognition and Measurement" ("HKAS 39"). HKFRS 9 introduces new requirements for classification and measurement of financial assets, calculation of impairment of financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification of financial liabilities. The Group has decided not to adopt HKFRS 9 until it becomes mandatory on 1 January 2018. Expected impacts of the new requirements on the Group's consolidated financial statements are as follows:

(a) Classification and measurement

HKFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss ("FVTPL") and (3) fair value through other comprehensive income ("FVTOCI").

Based on the preliminary assessment, the Group expects that its financial assets currently measured at amortised cost will continue with their classification and measurements upon the adoption of HKFRS 9.

The classification and measurement requirements for financial liabilities under HKFRS 9 are largely unchanged from HKAS 39, except that HKFRS 9 requires the fair value change of a financial liability designated at FVTPL that is attributable to changes of that financial liability's own credit risk to be recognised in other comprehensive income (without reclassification to profit or loss). The Group currently does not have any financial liabilities designated at FVTPL and therefore this new requirement may not have any impact on the Group on adoption of HKFRS 9.

(b) Impairment

The new impairment model in HKFRS 9 replaces the “incurred loss” model in HKAS 39 with an “expected credit loss” model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure expected credit losses as either 12-month expected credit losses or lifetime expected credit losses, depending on the asset and the facts and circumstances. This new impairment model may result in an earlier recognition of credit losses on the Group’s trade receivables and other financial assets. However, a more detailed analysis is required to determine the extent of the impact.

HKFRS 16 “Leases” (“HKFRS 16”)

Currently the Group classifies leases into operating leases. Once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease, the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding “right-of-use” asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Group’s accounting as a lessee of leases for premises and plant and machinery which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the consolidated statement of profit or loss and other comprehensive income over the period of the lease. At 30 June 2017, the Group’s future minimum lease payments under non-cancellable operating leases amounted to HK$8,114,000, which are payable between 1 and 5 years after the end of the reporting period. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Group has decided not to early adopt HKFRS 16 in its consolidated financial statements for the year ending 30 June 2018.

4. REVENUE AND SEGMENT INFORMATION

All of the Group’s revenue and operating profit are generated from manufacturing and sale of apparel labels and packaging printing products net of any trade discounts. The chief operating decision-maker has been identified as the Board. The Board regards the Group’s business of manufacturing and sales of apparel labels and packaging printing products as a whole to make decision about resources allocation and reviews the overall results of the Group. Accordingly, no business segment analysis information is presented.

The amount of revenue recognised is as follows:

	2017	2016
	HK$’000	*HK$’000*
Sale of apparel labels and packaging printing products	**105,223**	118,194

Geographical information

The following table sets out information about the geographical location of the Group's revenue. The geographical location of revenue is based on the country in which the customer is located.

	2017	2016
	HK$'000	*HK$'000*
Hong Kong (place of domicile)	**24,387**	30,544
South Korea	**19,998**	23,893
Vietnam	**14,839**	12,878
Taiwan	**11,213**	13,115
United States	**9,073**	9,646
China	**6,044**	7,060
India	**4,246**	4,106
Indonesia	**3,525**	4,581
Sri Lanka	**2,678**	3,307
Others	**9,220**	9,064
	105,223	118,194

All property, plant and equipment and deposits paid for acquisition of property, plant and equipment of the Group ("specified non-current assets") are physically located in Hong Kong.

There is no single external customer contributed more than 10% revenue to the Group's revenue for the years ended 30 June 2017 and 2016.

5. OTHER INCOME

	2017	2016
	HK$'000	*HK$'000*
Interest income	**2**	44
Commission income	**705**	975
Others	**184**	120
	891	1,139

6. PROFIT BEFORE INCOME TAX

The Group's profit before income tax is arrived at after charging/(crediting):

	2017	2016
	HK$'000	*HK$'000*
(a) Staff costs (including directors' remuneration)		
Salaries, allowances and other benefits	**27,507**	26,157
Contributions to defined contribution retirement plans	**1,026**	1,024
	28,533	27,181
(b) Other items		
Auditor's remuneration	**620**	691
Cost of inventories	**61,229**	65,505
Depreciation	**1,969**	2,168
Net exchange gain	**(63)**	(2)
Marketing services fee	**7,774**	7,560
Impairment loss on trade receivables	**229**	166
Listing expenses	**–**	19,949
Operating lease charges:		
– plant and machinery	**559**	485
– premises	**7,486**	7,072

7. INCOME TAX EXPENSE

	2017	2016
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
– Provision for the year	**2,892**	4,908
– Over-provision in respect of prior year	**–**	(26)
Deferred tax	**(173)**	(190)
Total income tax expense	**2,719**	4,692

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

Hong Kong Profits Tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits for the year ended 30 June 2017.

8. DIVIDENDS

	2017 *HK$'000*	2016 *HK$'000*
Final dividends paid in respect of the previous financial year, approved and paid during the year (2016: HK$180 and HK$40 per share to the shareholders of Hang Sang (Siu Po) Press Company Limited and A W Printing & Packaging Limited respectively)	**–**	30,000

The Board does not recommend the payment of a final dividend for the year ended 30 June 2017 (2016: HK$Nil).

9. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the profit attributable to equity owners of the Company of HK$10,670,000 (2016: HK$3,158,000) and the weighted average of 184,000,000 ordinary shares (2016: 143,545,000 shares adjusting for the shares in issue during the year, as if the Reorganisation and capitalisation issue had been effective since 1 July 2015) in issue during the year.

Diluted earnings per share for the years ended 30 June 2017 and 2016 equate the basic earnings per share as the Group had no potential dilutive ordinary shares in issue during the years ended 30 June 2017 and 2016.

10. TRADE AND OTHER RECEIVABLES

	2017 *HK$'000*	2016 *HK$'000*
Trade receivables *(note (a))*	**11,198**	11,522
Less: allowance for doubtful debts *(note (b))*	**(941)**	(712)
	10,257	10,810
Deposits, prepayments and other receivables		
Deposits	**13,891**	4,045
Prepayments	**1,749**	689
Other receivables	**1,406**	1,717
	17,046	6,451
Less: non-current portion		
Deposits paid for acquisition of property, plant and equipment *(note (c))*	**(11,361)**	(1,895)
Current portion	**15,942**	15,366

(a) Trade receivables

The Group's credit terms granted to customers generally ranged from 0 to 2 months. The Group usually reaches an agreement on the term of each payment with the customer by taking into account of factors such as, among other things, the credit history of the customer, its liquidity position and the Group's working capital needs, which varies on a case-by-case basis that requires the judgement and experience of the management.

At 30 June 2017, the ageing analysis of trade receivables, based on the invoice date, net of allowance for doubtful debts is as follows:

	2017	2016
	HK$'000	*HK$'000*
Within 3 months	**8,038**	9,000
Over 3 months but within 6 months	**1,319**	1,137
Over 6 months but within 1 year	**633**	602
Over 1 year	**267**	71
	10,257	10,810

(b) Impairment of trade receivables

Impairment losses of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follow:

	2017	2016
	HK$'000	*HK$'000*
At 1 July	**712**	546
Impairment loss recognised	**229**	166
At 30 June	**941**	712

(c) Deposits paid for acquisition of property, plant and equipment

At 30 June 2017, the amount represented deposits paid for acquisition of plant and machinery for the Group's production facilities and office equipment. The related capital commitments are set out in note 12(a) to this announcement.

11. TRADE AND OTHER PAYABLES

	2017	2016
	HK$'000	*HK$'000*
Trade payables	**3,858**	4,269
Marketing services fee payables	**1,272**	1,523
Receipt in advance	**364**	261
Accruals and other payables	**4,031**	3,329
	9,525	9,382

At 30 June 2017, the ageing analysis of trade payables, based on the invoice date, are as follows:

	2017	2016
	HK$'000	*HK$'000*
Within 3 months	**3,858**	4,266
Over 3 months but within 6 months	**–**	3
	3,858	4,269

12. COMMITMENTS

(a) Capital commitments of the Group outstanding at 30 June 2017 not provided for were as follows:

	2017	2016
	HK$'000	*HK$'000*
Contracted for:		
– Office equipment	**282**	–
– Plant and machinery	**–**	7,332
	282	7,332

In March 2017, the Group has signed a purchase agreement for an office equipment amounted to HK$1,500,000 and a deposit of HK$1,218,000 was paid upon signing the agreement.

In June 2016, the Group has signed a purchase agreement for a plant and machinery amounted to Euro1,073,000 (equivalents to HK$9,227,000) and a deposit of Euro215,000 (equivalents to HK$1,895,000) was paid upon signing the agreement.

(b) At 30 June 2017, the total future minimum lease payments under non-cancellable operating leases were payable by the Group as follows:

	2017	2016
	HK$'000	*HK$'000*
Within 1 year	**6,782**	7,443
After 1 year but within 5 years	**1,332**	7,396
	8,114	14,839

The Group leases a number of properties, and items of plant and machinery under operating lease arrangements which run for an initial period of 1 to 5 years (2016: 1 to 5 years), with an option to renew the lease and renegotiate the terms at the expiry date or at dates as mutually agreed between the Group and respective lessors. None of the leases include contingent rentals.

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year, the business and operations of the Group were mainly on manufacturing and sale of apparel labels and packaging printing products to customers which comprised mainly garment manufacturers and garment related accessories trading companies. Most of the sales of the Group's products was ultimately used as labels on or packaging materials for finished garments of the garment brand companies.

Due to the uncertainties in the global economy and political environment, including deceleration in the Chinese economic growth, the complications in Brexit negotiations after the UK general election and other global economy and political events, consumption was adversely affected. As a result, the Group recorded revenue of approximately HK$105.2 million for the year ended 30 June 2017, representing a decrease of approximately 11.0% as compared with that for the year ended 30 June 2016. Gross profit margin was approximately 41.8% for the year ended 30 June 2017 which was approximately 2.8 percentage point lower than that for the year ended 30 June 2016. Profit for the year ended 30 June 2017 was approximately HK$10.7 million.

OUTLOOK

The global economic recovery was weaker than expected. Global economic uncertainties have been increased due to geopolitical tensions and economic pressures, the unpredictable US foreign and economic policies under the Trump administration and the instability in Korea Peninsula. These factors create great challenges to the market and to the Group's business as well.

Nevertheless, the Group will continue to strengthen its efforts in marketing, enhance the production quality, reinforce internal controls and implement stringent control over the costs in order to respond to the challenging global market conditions and achieve business growth of the Group.

The Group entered into agreements for purchase of a six-colour offset printing machine with integrated components in mid 2016 (the "New Machinery"). The New Machinery was delivered in March 2017 and was under inspection and testing processes up to the date of this announcement. The Group believes that the full operation of the New Machinery will enhance the Group's ability to meet the clients' needs for product quality and production lead time of apparel labels and packaging printing products in future. The Group will closely monitor changes of market demand and technological developments in the printing industry from time to time to strengthen its market position for the interests of the Group and its Shareholders as a whole.

FINANCIAL REVIEW

Revenue

Our Group generated revenue mainly from the sale of apparel labels and packaging printing products. Revenue decreased by approximately HK$13.0 million or 11.0% from approximately HK$118.2 million for the year ended 30 June 2016 to approximately HK$105.2 million for the year ended 30 June 2017. Such decrease was primarily due to weak consumption sentiment caused by challenging global market conditions.

Cost of sales

Cost of sales over the total revenue of the Group for the year ended 30 June 2017 was approximately 58.2%. While comparing with 2016 of 55.4%, there was increase of approximately 2.8 percentage point. Such increase was mainly caused by increase of rental expenses for production facilities and warehouse.

As a result, the gross profit margins for the year ended 30 June 2017 decreased by approximately 2.8 percentage point to approximately 41.8% (2016: 44.6%). And the gross profit for the year ended 30 June 2017 decreased to approximately HK$44.0 million (2016: HK$52.7 million).

Other income

Other income comprises commission income and interest income. Decrease in other income was caused by decrease in commission income derived from referrals of businesses.

Selling expenses

Selling expenses primarily consist of freight charges, transportation and marketing service fees. Selling expenses increased by approximately HK$0.3 million to HK$9.1 million for the year ended 30 June 2017. Such increase was mainly caused by increase of general marketing expenses for promotion of the Group's image.

Administrative and other operating expenses

Administrative and other operating expenses primarily comprise salaries, office rental and utilities, depreciation and other miscellaneous administrative expenses. There was decrease in administrative and other operating expenses by approximately HK$14.8 million to HK$22.4 million for the year ended 30 June 2017. The decrease was primarily due to the absence of the one-off listing expenses of approximately HK$19.9 million incurred during the year ended 30 June 2016.

Profit and total comprehensive income

Profit and total comprehensive income increased by approximately HK$7.5 million to approximately HK$10.7 million for the year ended 30 June 2017 as compared with last year. Such increase was primarily due to the absence of the one-off listing expense incurred for the year ended 30 June 2016.

Liquidity and financial information

As at 30 June 2017, the total amount of cash and cash equivalents of the Group was approximately HK$58.7 million, representing a decrease of approximately HK$4.2 million as compared with that as at 30 June 2016. Such decrease was mainly caused by utilization of cash for acquisition of the new six-colour offset printing machine as disclosed in section headed "Use of Proceeds". There was no bank and other borrowings as at 30 June 2016 and 2017.

As at 30 June 2017, the current ratio (current assets/current liabilities) was 7.25 times (2016: 5.06 times) and the quick ratio ((current assets – inventories)/current liabilities) was 6.81 times (2016: 4.76 times).

Treasury policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Capital structure

The capital of the Company comprises ordinary shares and reserves. The shares of the Company were first listed on the Stock Exchange on 18 May 2016. There has been no change in the capital structure of the Company since that date.

Share option

A share option scheme was adopted on 26 April 2016, there was no share options granted during the year ended 30 June 2017. And there was no outstanding share options granted as at 30 June 2017. Details of the share option scheme were set out in the Prospectus dated 30 April 2016.

Commitments

The contractual commitments of the Group were primarily related to the leases of its office premises and warehouses, and the purchase of office equipment and plant and machinery. Relevant commitments was shown under note 12 of this announcement.

Pledge of assets

As at 30 June 2017, the Group had not pledged any assets (2016: HK$Nil).

Exposure to foreign exchange risk

The Group mainly carries out of its transactions in USD and HKD and mainly of its bank balances are denominated in USD and HKD. As HK$ is pegged to USD, the management does not expect any significant movements in the USD/HK$ exchange rate and considers the Group is not exposed to significant currency risk.

The Group does not hedge its foreign currency risks with USD as the rate of exchange between HK$ and USD is controlled within a tight range. Permanent changes in foreign exchange rates would have an impact on consolidated financial statements. The Management will closely monitor the changes of the rate of exchange and government policies from time to time.

Material contingent liabilities

The Group is not aware of any material contingent liabilities as at 30 June 2017.

USE OF PROCEEDS

The Company's shares have been listed on the Main Board of the Stock Exchange since 18 May 2016. The receipts of proceeds, net of listing expenses (including underwriting fee), including both recognised in the consolidated statement of profit or loss and other comprehensive income and deducted from the share premium (the "Net Proceeds") from the Company's listing were approximately HK$36,100,000. In accordance with the proposed applications set out in the section headed "Net Proceeds from the Share Offer" of the announcement of offer price and allotment results dated 17 May 2016 (the "Allotment Results"), the Net Proceeds were applied by the Group from the Listing Date up to 30 June 2017 as follows:

Use of Net Proceeds	**Planned use of proceeds as stated in the Allotment Results**	**Actual use of proceeds from the date of listing up to 30 June 2017**	**Unused Amount**
	HK$ million	*HK$ million*	*HK$ million*
Acquisition of one set of six-colour offset printing machine	15.6	10.0	5.6
Expansion of sales and marketing team	4.2	1.0	3.2
Research and development of the know-how of the application of heat transfer technology	8.8	–	8.8
Upgrade of ERP system	3.0	2.0	1.0
Expansion and/or upgrade of production facilities or development of potential projects through acquisition or cooperation	3.8	–	3.8
Working capital and general corporate purpose	0.7	0.3	0.4
Total	36.1	13.3	22.8

The business objectives, future plans and planned use of proceeds as stated in the Prospectus and the Allotment Result were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus and the Allotment Result while the proceeds were applied based on the actual development of the Group's business, the actual situation and the industry.

The Directors will constantly evaluate the Group's business objective and may change or modify plans against the changing market condition and technology development to ascertain the business growth of the Group. The Directors will also take a cautious approach continually when considering using the proceeds and closely monitor the changes of the market conditions and technology development from time to time.

The unused Net Proceeds have been placed as bank deposits with a licensed bank in Hong Kong as at the date of this announcement.

EMPLOYEES AND EMOLUMENT POLICIES

As at 30 June 2017, the Group had 99 full time management, administrative and operation staff in Hong Kong (as at 30 June 2016: 101).

The Group provides competitive remuneration packages with discretionary bonus to employees. The Group regularly reviews its remuneration packages in light of the overall development of the Group as well as the market conditions. In addition, the Group has adopted a share option scheme for eligible employees (including directors) to provide incentives to those with outstanding performance and contribution to the Group.

CORPORATE GOVERNANCE

The Board considers that good corporate governance of the Company is crucial to safeguard the interests of the shareholders of the Company and to enhance the performance of the Group. The Board and management of the Company are committed to enhancing corporate governance standard, in compliance with all relevant provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "Code") as stated in Appendix 14 to the Listing Rules. During the year, the Company has complied with the relevant provisions of the Code ("Code Provisions"), save for the deviations disclosed below.

Code provision A.2.1 of the Code provides that the roles of the chairman and chief executive officer should be separated and should not be performed by the same individual. The Company does not at present separate the roles of the chairman and chief executive officer. Mr Fung Man Wai Samson is the chairman and chief executive officer of the Company. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board further believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by the current Board which comprises experienced and high calibre individuals with sufficient number thereof being independent non-executive directors.

The Board will continue to review and further improve the Company's corporate governance practices and standards, so as to ensure that its business activities and decision-making processes are regulated in a proper and prudent manner.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiries of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code during the year ended 30 June 2017.

AUDIT COMMITTEE

The audit committee comprises three independent non-executive Directors, namely Dr. LOKE Yu, Ms. FUNG Po Yee and Ms. SUNG Ting Yee. It is principally responsible for reviewing the accounting principles and practices adopted by the Group, as well as discussing and reviewing with the management the internal control, systems of risk management, auditing and financial reporting matters of the Group. The audit committee has reviewed the annual results of the Group for the year ended 30 June 2017.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 June 2017 as set out in this announcement have been agreed by the Group's auditor, Grant Thornton Hong Kong Limited (the "Auditor"), based on the amounts set out in the Group's consolidated financial statements for the year ended 30 June 2017. The work performed by the 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditor on this preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, neither the Company, nor any of its subsidiaries had purchased, sold, or redeemed any of the Company's listed securities.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float from the Listing Date to 30 June 2017.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 30 June 2017.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the shareholders entitled to attend and vote at the 2017 annual general meeting of the Company, the register of members of the Company will be closed from Tuesday, 28 November 2017 to Friday, 1 December 2017, both days inclusive, during which period no transfer of shares will be registered. All transfers of shares accompanied by the relevant certificates must be lodged with the Company's transfer office and share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shop 1712-1716, 17 Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 27 November 2017.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement will be published on the website of the Stock Exchange at www.hkex.com.hk and the Company's website at www.hangsangpress.com. The 2017 Annual Report will be despatched to the shareholders and published on the aforesaid websites in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere thanks to our loyal shareholders, suppliers and customers for their continuous support to the Group. I would also like to extend my gratitude and appreciation to our management and all staff for their hard work and dedication throughout the year.

By order of the Board
Hang Sang (Siu Po) International Holding Company Limited
Fung Man Wai Samson
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 22 September 2017

As at the date of this announcement, the executive Directors of the Company are Mr Fung Man Wai Samson, Mr Fung Man Kam and Mr Fung Kar Chue Alexander, and the independent non-executive Directors of the Company are Dr Loke Yu, Ms Fung Po Yee and Ms Sung Ting Yee.