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HANG SANG (SIU PO) INTERNATIONAL HOLDING COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3626)

DISCLOSEABLE TRANSACTION IN RELATION TO THE 2024 RENTAL AGREEMENTS

THE 2024 RENTAL AGREEMENTS

On 30 April 2024, the Tenant, a wholly-owned subsidiary of the Company and the Landlord entered into the 2024 Rental Agreements in respect of the lease of the Properties for the period from 1 May 2024 to 30 April 2026 (both days inclusive).

LISTING RULES IMPLICATION

In accordance with HKFRS 16 “Leases”, the Group shall recognise right-of-use asset on its consolidated statement of financial position in connection with the Lease. Accordingly, the Lease would be regarded as an acquisition of asset.

As the highest applicable percentage ratios in respect of the amount of the right-of-use asset under the Lease are more than 5% but less than 25%, the Lease constitutes a discloseable transaction for the Company, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE 2024 RENTAL AGREEMENTS

The Board wishes to announce that on 30 April 2024, the Tenant, a wholly-owned subsidiary of the Company, and the Landlord entered into the 2024 Rental Agreements in respect of the Lease. Prior to entering into the 2024 Rental Agreements, the Group has been occupying the Properties for its production bases, warehouse and office for over 20 years.

Save for the specific factories of the Properties to be leased, the principal terms of the existing rental agreements of the Properties are identical to one another as set out below:

Date

30 April 2024

Parties

- (i) Hang Sang (Siu Po) Press Company Limited (as the Tenant); and
- (ii) Gee Hing Chang Investment Company Limited (as the Landlord)

The principal activity of the Landlord is property investment.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Landlord and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (with meaning ascribed thereto under the Listing Rules).

Premises

Factories A/C and B/D on the 1/F, factories B/D on the 2/F, factories C on the 4/F and factory C and D on the 5/F, of Gee Hing Chang Industrial Building, No. 16 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong

Term

2 years, commencing from 1 May 2024 and expiring on 30 April 2026

Monthly rent

The monthly rent of HK\$297,200 in aggregate is payable in advance on the first day of each calendar month.

The monthly rent in aggregate was determined after arm's length negotiations between the Landlord and the Tenant with reference to the Properties' monthly market rent as at 29 April 2024 according to a valuation report prepared by an independent valuer using market approach.

Management fee

The monthly management fee of HK\$57,400 in aggregate is payable in advance on the first day of each calendar month.

The Group intends to finance the rental and other amounts payable by the Tenant (including management fee and utility charges) under the 2024 Rental Agreements by internal resources of the Group.

REASON FOR THE ENTERING INTO THE LEASE

The Group is principally engaged in manufacturing and sale of apparel labels and packaging printing products, sale and distribution of food, daily necessities and utility products, and operation of a cafe in Hong Kong. The Tenant is an indirect wholly-owned subsidiary of the Company and is principally engaged in manufacturing and sale of apparel labels and packaging printing product.

The Group had been occupying the Properties for its production bases, warehouse and office over 20 years. It is beneficial for the Group to continue leasing of the Properties as it will enable the Group to secure stable operation at the Properties without incurring additional relocation costs and expenses or any disruption to the Group's operations. As the existing rental agreements of the Properties expire on 30 April 2024, the Tenant negotiated the renewal of the 2024 Rental Agreements and entered into the 2024 Rental Agreements with the Landlord. The 2024 Rental Agreements allow the continuity of the Group's operation at the Properties for long term.

Having taken into account the above reasons and benefits, the Directors (including all the independent non-executive Directors) consider that the terms of the 2024 Rental Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

In accordance with HKFRS 16 "Leases", the Group shall recognise right-of-use asset (approximately HK\$6.6 million based on the Company's estimation with reference to a valuation report prepared by an independent valuer using the present value of the aggregate lease payments under the 2024 Rental Agreements) on its consolidated statement of financial position in connection with the Lease. Accordingly, the Lease would be regarded as an acquisition of asset.

As the highest applicable percentage ratios in respect of the amount of the right-of-use asset under the Lease are more than 5% but less than 25%, the Lease constitutes a discloseable transaction for the Company, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless the context requires otherwise, the following words and phrases used in this announcement have the following meanings:

“2024 Rental Agreements”	collectively, the four rental agreements entered into between the Landlord and the Tenant in relation to the leasing of the Properties for a term of two years commencing from 1 May 2024 to 30 April 2026 (both days inclusive)
“Board”	the board of the directors of the Company
“Company”	Hang Sang (Siu Po) International Holding Company Limited, a company incorporated in Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Landlord”	Gee Hing Chang Investment Company Limited, a company incorporated in Hong Kong with limited liability on 25 April 1969
“Lease”	lease of the Properties from the Landlord pursuant to the 2024 Rental Agreements
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Properties”	collectively, factories A/C and B/D on the 1/F, factories B/D on the 2/F, factory C on the 4/F and factories C and D on the 5/F, of Gee Hing Chang Industrial Building, No. 16 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenant”	Hang Sang (Siu Po) Press Company Limited, a company incorporated in Hong Kong with limited liability on 12 November 1999 and a wholly-owned subsidiary of the Company
“%”	per cent.

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, 30 April 2024

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 Dr Sung Ting Yee.