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HANG SANG (SIU PO) INTERNATIONAL HOLDING COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3626)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

The board (the “**Board**”) of directors (the “**Director(s)**”) of Hang Sang (Siu Po) International Holding Company Limited (the “**Company**”) hereby announces the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 31 December 2024, together with the comparative figures for the corresponding period in 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2024

	<i>Note</i>	Six months ended 31 December	
		2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Unaudited)
Revenue	4	46,902	28,377
Cost of sales		<u>(30,784)</u>	<u>(19,989)</u>
Gross profit		16,118	8,388
Other income	5	390	912
Selling expenses		(3,063)	(2,949)
Administrative and other operating expenses		(11,080)	(9,415)
Impairment loss on trade receivables	6(c)	–	(57)
Finance costs	6(b)	<u>(495)</u>	<u>(271)</u>
Profit/(loss) before income tax	6	1,870	(3,392)
Income tax(expense)/credit	7	<u>(165)</u>	<u>5</u>
Total comprehensive income/(expense) for the period		<u>1,705</u>	<u>(3,387)</u>

		Six months ended 31 December	
		2024	2023
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Profit/(loss) for the period attributable to:			
Owners of the Company		1,596	(3,387)
Non-controlling interests		109	-
		<u>1,705</u>	<u>(3,387)</u>
Total comprehensive income/(expenses) attributable to:			
Owners of the Company		1,596	(3,387)
Non-controlling interests		109	-
		<u>1,705</u>	<u>(3,387)</u>
Earnings/(loss) per share attributable to owners of the Company			
– Basic and diluted	9	HK0.87cents	(HK1.84cents)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

		As at 31 December 2024 <i>HK\$'000</i> (Unaudited)	As at 30 June 2024 <i>HK\$'000</i> (Audited)
	Note		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	10	11,905	12,824
Deposits paid for acquisition of property, plant and equipment	11	1,206	–
Goodwill		9,433	9,433
Intangible assets		737	875
		<u>23,281</u>	<u>23,132</u>
Current assets			
Inventories		3,137	2,405
Trade and other receivables	11	8,848	8,900
Cash and cash equivalents		34,917	33,565
		<u>46,902</u>	<u>44,870</u>
Current liabilities			
Trade and other payables	12	12,383	11,674
Lease liabilities		7,306	6,842
Current tax liabilities		628	490
		<u>20,317</u>	<u>19,006</u>
Net current assets		<u>26,585</u>	<u>25,864</u>
Total assets less current liabilities		<u>49,866</u>	<u>48,996</u>
Non-current liabilities			
Lease liabilities		7,443	8,128
Deferred tax liabilities		82	113
Long service payment obligations		381	336
		<u>7,906</u>	<u>8,577</u>
Net assets		<u><u>41,960</u></u>	<u><u>40,419</u></u>
EQUITY			
Share capital		1,840	1,840
Reserves		40,054	38,458
Equity attributable to owners of the Company		<u>41,894</u>	<u>40,298</u>
Non-controlling interests		<u>66</u>	<u>121</u>
Total equity		<u><u>41,960</u></u>	<u><u>40,419</u></u>

NOTES

For the six months ended 31 December 2024

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.

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 ("**Mr Samson Fung**") and Mr Fung Man Kam ("**Mr David Fung**") (collectively referred to as 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, and sale and distribution of food, daily necessities, utility products, restaurant operation and sales of E-cigarette products.

2. BASIS OF PREPARATION

The unaudited interim financial report (the "**Interim Financial Report**") has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**"), including compliance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" ("**HKAS 34**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

The Interim Financial Report is presented in thousands of Hong Kong dollars ("**HK\$'000**"), unless otherwise stated.

The Interim Financial Report has been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 30 June 2024, except for the accounting policy changes that are expected to be reflected in the annual financial statements for the year ending 30 June 2025 and they should be read in conjunction with the Group's consolidated financial statements for the year ended 30 June 2024. Details of any changes in accounting policies are set out in note 3 to this announcement.

The preparation of the Interim Financial Report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

The Interim Financial Report contains condensed consolidated financial statements and notes to the Interim Financial Report, including material accounting policy information. The notes include an explanation of events and transactions that are material to an understanding of the changes in financial position and performance of the Group since the annual financial statements for the year ended 30 June 2024. The Interim Financial Report and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

The Interim Financial Report is unaudited, but has been reviewed by Grant Thornton Hong Kong Limited in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the HKICPA.

3. ADOPTION OF NEW AND AMENDED HKFRSs AND CHANGES IN ACCOUNTING POLICIES

3.1 Amended HKFRSs that are effective for annual periods beginning on 1 July 2024

The HKICPA has issued the following amended HKFRSs that are first effective for the current accounting period of the Group. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The adoption of the amended HKFRSs had no material impact on how the results and financial position of the Group for the current and prior periods have been prepared and presented.

3.2 Issued but not yet effective HKFRSs

At the date of authorisation of the Interim Financial Report, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 18	Presentation and Disclosure in Financial Statements ³
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS10 and HKAS 28	Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture ⁴
Amendments to HKAS 21	Lack of exchangeability ¹
Amendments to HKFRS Accounting Standards	Annual improvement to HKFRS Accounting Standards – Volume 11 ²
Amendments to Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ³

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

⁴ Effective date not yet determined

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Other new and amended HKFRSs are not expected to have a material impact on the Group's condensed consolidated interim financial statements.

4. REVENUE AND SEGMENT INFORMATION

Revenue

The Group's revenue and operating profit are generated from manufacturing and sale of apparel labels and packaging printing products, sale and distribution of food, daily necessities and utility products and revenue from catering service, net of any trade discounts. Revenue are generally recognised at a point in time when the customers obtain control of the promised goods or services in the contract.

The amount of revenue recognised is as follows:

	Six months ended 31 December	
	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Unaudited)
Sale of apparel labels and packaging printing products	28,361	20,271
Sale of food, daily necessities and utility products	10,169	8,106
Revenue from catering services	8,372	—
	<u>46,902</u>	<u>28,377</u>

Segment information

The chief operating decision maker is the Board of the Company.

For the six months ended 31 December 2024, the Group sets up of a subsidiary that is engaged in sales of E-cigarette products. As a result, the basis of segmentation is changed, the Group has identified the following reportable segments:

- (a) Printing – manufacturing and sales of apparel labels and packaging printing products
- (b) Food and daily necessities – sale and distribution of food, daily necessities and utility products
- (c) Restaurant operation – revenue from catering services
- (d) E-Cigarette – sale of E-cigarette products

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments other than unallocated corporate expenses.

All assets are allocated to reportable segments other than unallocated head office and corporate assets; and all liabilities are allocated to reportable segments other than unallocated head office and corporate liabilities.

The following is an analysis of the Group's revenue, results, assets and liabilities by reportable segments:

	Six months ended 31 December				
	2024	2024	2024	2024	2024
	Printing	Food and daily necessities	Restaurant operation	E-Cigarette	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue					
Reportable segment revenue	28,361	10,169	8,372	–	46,902
Reportable segment profit/(loss)	<u>2,303</u>	<u>(684)</u>	<u>1,358</u>	<u>(265)</u>	<u>2,712</u>
Interest income	316	3	-	-	319
Depreciation					
– owned property, plant and equipment	(72)	(243)	(274)	–	(589)
– right-of-use assets	(3,226)	(128)	(652)	–	(4,006)
Amortisation					
– intangible assets	–	–	(138)	–	(138)
Finance costs	(302)	(6)	(187)	–	(495)
Write down of slow-moving inventories	<u>(153)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(153)</u>

	Six months ended 31 December		
	2023	2023	2023
	Printing	Food and daily necessities	Total
	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)
Revenue			
– From external customers	20,271	8,106	28,377
– From inter-segment	<u>14</u>	<u>–</u>	<u>14</u>
Reportable segment revenue	20,285	8,106	28,391
Reportable segment (loss)/profit	<u>(2,987)</u>	<u>381</u>	<u>(2,606)</u>
Interest income	692	3	695
Depreciation			
– owned property, plant and equipment	(192)	(223)	(415)
– right-of-use assets	(1,711)	(128)	(1,839)
Finance costs	(257)	(14)	(271)
Impairment loss on trade receivables	–	(57)	(57)
Write down of slow-moving inventories	<u>(731)</u>	<u>–</u>	<u>(731)</u>

The following is an analysis of the Group's revenue, results, assets and liabilities by reportable segments (Continued):

	As at 31 December				
	2024	2024	2024	2024	2024
	Printing	Food and	Restaurant	E-Cigarette	Total
	<i>HK\$'000</i>	<i>daily necessities</i>	<i>operation</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Reportable segment assets	62,040	5,361	19,057	800	87,258
– Additions to non-current segment assets during the period	4,863	–	19	–	4,882
Reportable segment liabilities	<u>(76,019)</u>	<u>(10,094)</u>	<u>(8,991)</u>	<u>(1,014)</u>	<u>(96,118)</u>

	As at 30 June				
	2024	2024	2024	2024	2024
	Printing	Food and	Restaurant		Total
	<i>HK\$'000</i>	<i>daily necessities</i>	<i>operation</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Reportable segment assets	51,281	4,989	19,452		75,722
– Additions to non-current segment assets during the year	8,293	288	17,029		25,610
Reportable segment liabilities	<u>(65,495)</u>	<u>(9,038)</u>	<u>(8,675)</u>		<u>(83,208)</u>

Reconciliation of reportable segment revenue, results, assets and liabilities:

	Six months ended 31 December	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Revenue		
Reportable segment revenue	46,902	28,391
Elimination of inter-segment revenue	<u>–</u>	<u>(14)</u>
Consolidated revenue	<u>46,902</u>	<u>28,377</u>

Reconciliation of reportable segment revenue, results, assets and liabilities (Continued):

	Six months ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit/(Loss)		
Reportable segment profit/(loss)	2,712	(2,606)
Unallocated corporate expenses, net	(842)	(786)
	<u>1,870</u>	<u>(3,392)</u>
Consolidated profit/(loss) before income tax	<u>1,870</u>	<u>(3,392)</u>
	As at	As at
	31 December	30 June
	2024	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Assets		
Reportable segment assets	87,258	75,722
Unallocated head office and corporate assets	61,988	58,695
Eliminated upon consolidation	(79,063)	(66,415)
	<u>70,183</u>	<u>68,002</u>
Consolidated total assets	<u>70,183</u>	<u>68,002</u>
Liabilities		
Reportable segment liabilities	(96,118)	(83,208)
Unallocated head office and corporate liabilities	(11,168)	(10,790)
Eliminated upon consolidation	79,063	66,415
	<u>(28,223)</u>	<u>(27,583)</u>
Consolidated total liabilities	<u>(28,223)</u>	<u>(27,583)</u>

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 location in which the customer is located.

	Six months ended 31 December	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Hong Kong (place of domicile)	25,162	11,706
South Korea	5,002	3,885
Vietnam	5,297	3,368
Taiwan	2,360	2,550
United States	1,973	1,920
Others	7,108	4,948
	<u>46,902</u>	<u>28,377</u>

The property, plant and equipment, deposits paid, intangible assets and goodwill of the Group (“**specified non-current assets**”) are all physically located in Hong Kong.

Major customers

There is no single external customer contributed more than 10% of the total revenue to the Group's revenue for the six months ended 31 December 2024 and 2023.

5. OTHER INCOME

	Six months ended 31 December	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest income	324	700
Others	66	212
	<u>390</u>	<u>912</u>

6. PROFIT/(LOSS) BEFORE INCOME TAX

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

	Six months ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(a) Staff costs (including directors' remuneration)		
Salaries, allowances and other benefits	13,644	10,593
Contributions to defined contribution retirement plans	569	411
	<u>14,213</u>	<u>11,004</u>
(b) Finance costs		
Interest on lease liabilities	<u>495</u>	<u>271</u>
(c) Other items		
Depreciation:		
– owned property, plant and equipment	589	415
– right-of-use assets	4,006	1,839
Amortisation:		
– intangible asset	<u>138</u>	<u>–</u>
	<u>4,733</u>	<u>2,254</u>
Cost of inventories recognised as an expense, including:	30,784	19,989
– write down of slow-moving inventories	153	731
– subcontracting charges	1,931	1,205
Impairment loss on trade receivables	–	57
Lease charges on short-term leases	19	117
Variable lease payments	421	–
Marketing services fee	<u>1,881</u>	<u>2,205</u>

7. INCOME TAX EXPENSE/(CREDIT)

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 had been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits for the period, except for a subsidiary of the Group which was a qualifying corporation under the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying entities are taxed at 8.25%, and the profits above HK\$2,000,000 are taxed at 16.5%.

Taxation in the condensed consolidated statement of profit or loss and other comprehensive expense represents:

	Six months ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax – Hong Kong Profits Tax	196	23
Deferred tax		
– for the period	<u>(31)</u>	<u>(28)</u>
Total income tax expense/(credit)	<u>165</u>	<u>(5)</u>

8. DIVIDENDS

The directors do not recommend the payment of interim dividend for the six months ended 31 December 2024 (six months ended 31 December 2023: HK\$Nil).

9. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings/(loss) per share is based on the earnings/(loss) attributable to owners of the Company of HK\$1,596,000 (six months ended 31 December 2023: loss of HK\$3,387,000) and the weighted average of 184,000,000 (six months ended 31 December 2023: 184,000,000) ordinary shares in issue during the period.

Diluted earnings/(loss) per share for the six months ended 31 December 2024 and 2023 equate the basic earnings/(loss) per share as the Group had no potential dilutive ordinary shares in issue during the six months ended 31 December 2024 and 2023.

10. PROPERTY, PLANT AND EQUIPMENT

The movements of the property, plant and equipment for the period/year are set out below:

	As at 31 December 2024 HK\$'000 (Unaudited)	As at 30 June 2024 HK\$'000 (Audited)
Net carrying amount		
At the beginning of the period/year	12,824	7,250
Additions	39	1,040
Acquisition of a subsidiary	–	6,588
Lease modification	3,637	7,581
Depreciation	(4,595)	(9,635)
	<hr/>	<hr/>
At the end of the period/year	11,905	12,824

The Group has obtained the right-of-use in relation to certain machinery and office through the tenancy agreements. The leases typically run on an initial period of two to five years (as at 30 June 2024: two to five years). The Group makes fixed payments during the contract period.

As at 31 December 2024, the carrying amounts of the Group's right-of-use assets in relation to the office equipment and leased properties (as at 30 June 2024: office equipment and leased properties) are HK\$413,000 (as at 30 June 2024: HK\$654,000) and HK\$8,436,000 (as at 30 June 2024: HK\$8,562,000), respectively.

11. TRADE AND OTHER RECEIVABLES

	As at 31 December 2024 HK\$'000 (Unaudited)	As at 30 June 2024 HK\$'000 (Audited)
Trade receivables (note (a))	7,786	7,839
Less: loss allowance (note (b))	(1,403)	(1,403)
	6,383	6,436
Deposits, prepayments and other receivables		
Deposits (note (c))	3,274	2,109
Other receivables	21	27
Prepayments	376	328
	3,671	2,464
Less: Deposits paid for acquisition of property, plant and equipment	(1,206)	–
	2,465	2,464
Current portion	8,848	8,900

(a) Trade receivables

The Group allows credit periods ranging from 0 to 2 months to its customers derived from sales of apparel labels and packaging printing products, whereas credit periods ranging from 0 to 1 month to its customers from sale and distribution of food, daily necessities and utility products. Revenue from customers for catering services are on cash or credit card settlement.

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.

For online distribution of food, daily necessities and utility products, receipts in advance are required before the relevant goods are delivered.

The ageing analysis of trade receivables, based on the invoice date and net of loss allowance, is as follows:

	As at 31 December 2024 HK\$'000 (Unaudited)	As at 30 June 2024 HK\$'000 (Audited)
Within 3 months	6,140	5,911
Over 3 months but within 6 months	243	525
	6,383	6,436

(b) Loss allowance of trade receivables

The movement in the loss allowance of trade receivables is as follows:

	As at 31 December 2024 HK\$'000 (Unaudited)	As at 30 June 2024 HK\$'000 (Audited)
Balance at the beginning of the period/year	1,403	1,403
Loss allowance recognised during the period/year	—	—
Balance at the end of the period/year	<u>1,403</u>	<u>1,403</u>

(c) Deposits

The amounts mainly represent rental, utilities deposits paid and deposits paid for purchase of motor vehicles.

12. TRADE AND OTHER PAYABLES

	As at 31 December 2024 HK\$'000 (Unaudited)	As at 30 June 2024 HK\$'000 (Audited)
Trade payables (<i>note (a)</i>)	3,810	2,699
Marketing services fee payables	803	630
Receipts in advance (<i>note (b)</i>)	897	1,374
Accruals and other payables (<i>note (c)</i>)	5,717	5,861
Dividend payable	46	—
Contingent consideration payable (<i>note 15</i>)	<u>1,110</u>	<u>1,110</u>
	<u>12,383</u>	<u>11,674</u>

(a) Trade payables

Payment terms granted by suppliers ranged from 1 to 3 months from the invoice date of the relevant purchases.

The ageing analysis of trade payables, based on the invoice date, at the end of the reporting period:

	As at 31 December 2024 HK\$'000 (Unaudited)	As at 30 June 2024 HK\$'000 (Audited)
Within 3 months	3,761	2,699
Over 3 months but within 6 months	<u>49</u>	<u>—</u>
	<u>3,810</u>	<u>2,699</u>

(b) Receipts in advance

The amount represents the advanced payments from customers for sales of goods and prepayments received from customer for sales of coupons which revenue will be recognised when the performance obligation was satisfied through the goods and services were transferred to the customers.

	As at 31 December 2024 HK\$'000 (Unaudited)	As at 30 June 2024 HK\$'000 (Audited)
Advanced payments from customers for sales of coupons	451	767
Advanced payments from customers for sales of goods	446	607
	<u>897</u>	<u>1,374</u>

The advances received from customers for sales of coupons of the transaction price allocated to the performance obligations that are unsatisfied in relation to the unredeemed cash coupons as of the end of the reporting period. The Group expects the transaction price allocated to the unsatisfied performance obligations to be recognised as revenue when the related cash coupons are redeemed.

	Six months ended 31 December 2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue recognised during the period that was included in the receipts in advance at the beginning of the period	<u>(651)</u>	<u>(11)</u>

The Group's contracts with customers are for period of one year or less. The entire receipts in advance balance at the period end would generally be recognised into revenue in the next financial period. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts which have an original expected duration of one year or less is not disclosed.

(c) Accruals and other payables

The amounts mainly represent the accrual for staff salaries and benefits, audit and professional fees and other miscellaneous expenses.

13. LEASE COMMITMENTS

At the end of the reporting period, the lease commitments for short-term leases are as follows:

	As at 31 December 2024 HK\$'000 (Unaudited)	As at 30 June 2024 HK\$'000 (Audited)
Within 1 year	—	19

As at 31 December 2024, the Group have no property which is qualified to be accounted for under short-term lease exemption under HKFRS 16 “Leases”.

14. MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with related companies

Save as disclosed elsewhere in the Interim Financial Report, during the period, the Group entered into the following material related party transactions with related companies:

Name of Company	Relationship	Nature of transaction	Six months ended 31 December 2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Karwin Corporation Limited	Controlled by Mr Fung Man Wai Samson, a controlling shareholder who is also a director of the Company	Lease payment paid for director's quarter (<i>Note</i>)	480	480
Super Champion Limited	Controlled by Mr Fung Man Kam, a controlling shareholder who is also a director of the Company	Lease payment paid for director's quarter (<i>Note</i>)	480	480

Note:

The lease payment paid and/or payable for directors' quarters were made at the prices mutually agreed between the Group and the respective related companies.

For the six months ended 31 December 2024 and 2023, the related party transactions above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. However those transactions are exempt from the disclosure requirements in Chapter 14A of the Listing Rules as they are below the de minimis threshold under Rule 14A.76(1).

(b) Key management personnel remuneration

Key management personnel remuneration of the Group, including amounts paid to the directors and senior management, is as follows:

	Six months ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Salaries, allowances and other benefits	4,364	4,235
Retirement benefit costs – defined contribution plan	85	88
	4,449	4,323

15. FAIR VALUES MEASUREMENT OF FINANCIAL INSTRUMENTS

Financial liabilities measured at fair value in the condensed consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability and significance of inputs to the measurements, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and not using significant unobservable inputs.
- Level 3: significant unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The financial liabilities measured at fair value in the condensed consolidated statement of financial position on a recurring basis are grouped into the fair value hierarchy as follows:

	Fair value	Level 1	Level 2	Level 3
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 31 December 2024				
Financial liabilities:				
Contingent consideration payable	1,110	–	–	1,110

During the six months ended 31 December 2024, there were no transfer between Level 1 and Level 2, or transfers into or out of Level 3.

Valuation techniques and inputs in Level 3 fair value measurement

The following table gives information about how the fair values of contingent consideration payable is determined (in particular, the valuation technique(s) and inputs used).

	Fair value hierarchy	Valuation technique	Significant unobservable input
Contingent consideration payable	Level 3	Binomial tree model	Pre-tax discount rate: 12.27% Average Growth Rate: 3.5%

The reconciliation of the carrying amounts of the Group's financial instruments classified within Level 3 of the fair value hierarchy is as follows:

	As at 31 December 2024 <i>HK\$'000</i> (Unaudited)	As at 30 June 2024 <i>HK\$'000</i> (Audited)
Contingent consideration		
Fair value at the beginning of the period/year	1,110	–
Acquired through business combination	–	1,110
Fair value at the end of period/year	<u>1,110</u>	<u>1,110</u>

The directors of the Company consider that the carrying amounts of financial instruments carried at amortised cost of the Group are not materially different from their fair values as at 31 December 2024 and 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Due to increment of revenue from all of the Group's operating business segments (excluding E-cigarette segment), the Group recorded revenue of approximately HK\$46.9 million for the six months ended 31 December 2024 ("**Period 2024**"), representing an increase of approximately 65.3% as compared with the six months ended 31 December 2023 ("**Period 2023**"). The Group's gross profit margin increased to approximately 34.4% for Period 2024 (for Period 2023: 29.6%). Profit and total comprehensive income for the Period 2024 was approximately HK\$1.7 million (Period 2023: loss and total comprehensive expense approximately HK\$3.4 million).

Printing

The revenue of business segment for manufacturing and sale of apparel labels and packaging printing products increased by approximately 39.9% to approximately HK\$28.4 million. Increase in revenue during the period was resulted from increase of sales orders from customers. Gross profit margin for manufacturing and sale of apparel labels and packaging printing products increased by approximately 11.1 percentage points (from 33.4% for Period 2023 to 44.5% for Period 2024). It was the fruitful results of control of overhead costs in cost of sales during 2023 and 2024.

Food and daily necessities

The revenue generated by the business segment for the sales and distribution of food, daily necessities, and utility products increased by approximately 25.9% to approximately HK\$10.2 million. This growth was attributed to the expand of product range and growth of customer base. Gross profit margin for sales and distribution of food, daily necessities, and utility products dropped approximately 5 percentage points (from 20% for Period 2023 to 15% for Period 2024) due to selling of lower margin items and keep competition in the market.

Restaurant operation

As disclosed in announcement dated 7 February 2024, the Group acquired 91% equity interest of a company which engaged in operation of a café by serving gourmet coffee and variety of menu with western and Japanese style food in Hong Kong (the "**Café Shop**"). The acquisition was completed on 29 February 2024. During the Period 2024, the Café Shop contributed revenue of approximately HK\$8.4 million. The gross profit margin of restaurant operation was around 23% for the Period 2024. Through operation of the Café Shop, the Group is able to obtain direct market information from customers, which enhance the Group's business of the sales and distribution of food products.

E-cigarette

The Group started assessment of business feasibility of E-cigarette business in third quarter of 2024. After multifaceted discussions and explorations as well as on-site visit with potential suppliers and customers, a wholly owned subsidiary, Alpha Six Three Limited (“**Alpha Six Three**”) was established in September 2024 and a branch was set up by Alpha Six Three in November 2024 in New Zealand for carrying out sale and distribution of E-cigarette business. Stocks of E-cigarette amounted to approximately HK\$750,000 was maintained as at 31 December 2024. Sale of E-cigarette commenced in February 2025 in New Zealand.

OUTLOOK

Increased global economic uncertainties and escalation of trade conflicts impacted the global market continually. The global retail market, including the apparel market, was seriously affected. As a result, the demand for apparel labels and packaging printing products fluctuate correspondingly. In response to these challenging market conditions, the Group will focus on enhancing its sales efforts, improving production quality, strengthening internal controls, and implementing stringent cost control measures to effectively navigate the difficult global environment.

To diversify and strengthen its business foundation, the Group extended its business footprint into the sales and distribution of food, daily necessities, and utility products in March 2021 and restaurant operation in March 2024 respectively. It is considered that these business segments involved daily needs with steady market demand can bring stable cashflow to the Group.

As part of the diversification of its business to include more consumer products, the Company began the assessment of commercial opportunities in the third quarter of 2024 and the Group started a new business segment in relation to sale and distribution of E-cigarette in New Zealand in November 2024. Sale of E-cigarette was commenced in February 2025. The Group will continue to explore for any suitable and appropriate business opportunities.

FINANCIAL REVIEW

Revenue

There was an increase in overall revenue over the corresponding Period 2024 as compared to Period 2023. The business segment for manufacturing and sale of apparel labels and packaging printing products increased by approximately HK\$8.1 million or 39.9% from approximately HK\$20.3 million to approximately HK\$28.4 million which as mainly result from increase of sales orders by customers. For the business segment for the sales and distribution of food, daily necessities and utility products increased by approximately HK\$2.1 million or 25.9% from approximately HK\$8.1 million to approximately HK\$10.2 million due to the fact that this segment accumulated customer base. The revenue generated by the new business segment of restaurant operation contributed approximately HK\$8.4 million since the segment consolidated into the Group's financial statements since the completion date of acquisition.

Cost of sales and gross profit

Cost of sales over the total revenue of the Group for Period 2024 was approximately 65.6%. While comparing with approximately 70.4% for Period 2023, there was decrease of approximately 4.8 percentage points. Such decrease was mainly attributable to addition of a new segment and improved pricing and operational efficiency in existing segments.

As a result, the gross profit margin for Period 2024 increase by approximately 4.8 percentage points to approximately 34.4% (Period 2023: 29.6%), and the gross profit for Period 2024 increased to approximately HK\$16.1 million (Period 2023: HK\$8.4 million).

Other income

Other income for Period 2024 primarily comprises interest income. Decrease in other income was mainly due to the average bank interest rates decreased during Period 2024.

Selling expenses

Selling expenses primarily consist of freight charges, transportation and marketing service fee. Selling expenses increased by approximately HK\$0.1 million to approximately HK\$3.1 million for Period 2024. Such increase was mainly caused by increase in freight charges and sales commission paid due to sales increased.

Administrative and other operating expenses

Administrative and other operating expenses primarily comprise salaries, utilities, professional fee, depreciation and other miscellaneous administrative expenses. There was an increase in these expenses of approximately HK\$1.7 million, increasing from approximately HK\$9.4 million to approximately HK\$11.1 million for Period 2024. The increase in administrative and other operating expenses was primarily due to increase in depreciation on property, plant, and equipment and right-of-use assets, salaries and professional fees resulting from new segments consolidated into the Group.

Profit/(loss) and total comprehensive income/(expense)

The Group recorded profit and total comprehensive income of approximately HK\$1.7 million for Period 2024 as compared to loss and total comprehensive expense of approximately HK\$3.4 million for Period 2023. The major factors contributing to this change were primarily the increase in revenue from the manufacturing and sale of apparel labels and packaging printing products segment and restaurant operation segment.

Liquidity and Financial Information

As at 31 December 2024, the total amount of cash and cash equivalents of the Group was approximately HK\$35.0 million, representing a increase of approximately HK\$1.4 million as compared with that as at 30 June 2024. Such increase was mainly caused by the increase in net cash inflow from operating activities. 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. There was no bank and other borrowings as at 30 June 2024 and 31 December 2024.

As at 31 December 2024, the Group maintains prudence and stable ratios as the current ratio (current assets/current liabilities): 2.31 times (as at 30 June 2024: 2.36 times); the quick ratio ((current assets – inventories)/current liabilities): 2.15 times (as at 30 June 2024: 2.23 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 period. 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 other reserves. The shares of the Company were 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 six months ended 31 December 2024. And there was no outstanding share options granted as at 31 December 2024.

Commitments

The contractual commitments of the Group was related to rental and lease of property. The relevant commitments was shown under note 13 of this announcement.

Pledge of assets

As at 31 December 2024, the Group had not pledged any assets (as at 30 June 2024: HK\$Nil).

Exposure to foreign exchange risk

The Group mainly carries out of its transactions in United States dollars (“USD”) and Hong Kong dollars (“HK\$”) and majority of its bank balances, trade and other receivables and trade and other payables are denominated in USD and HK\$. As HK\$ is pegged to USD, the management does not expect any significant movements in the USD/HK\$ exchange rate and considers that the Group does not expose 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 condensed 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 31 December 2024.

EMPLOYEES AND EMOLUMENT POLICIES

As at 31 December 2024, the Group had 67 full time management, administrative and operation staff in Hong Kong (as at 30 June 2024: 67). There is no significant change in the Group’s emolument policies. On top of basic salaries, bonuses may be paid by reference to the Group’s performance as well as individual’s performance. Other staff benefits, such as contributions to Mandatory Provident Fund retirement benefits scheme, medical insurance and other relevant insurance for employees who are employed by 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 (the “**Code**”) as stated in Appendix C1 to the Listing Rules. The Company has, throughout the Period 2024, complied with the relevant provisions of the Code (“**Code Provisions**”), save for the deviations disclosed below.

Code provision C.2.1 of the Code provides that the roles of the chairman and chief executive officer should be separate 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.

AUDIT COMMITTEE

The audit committee comprises three independent non-executive Directors, namely Dr. Loke Yu, Ms. Fung Po Yee and Dr. 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 management the internal control, systems of risk management, auditing and financial reporting matters of the Group. The Audit Committee has reviewed the unaudited condensed interim consolidated financial report for Period 2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Period 2024, neither the Company, nor any of its subsidiaries had purchased, sold, or redeemed any of the Company’s listed securities.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for Period 2024.

REVIEW OF INTERIM RESULTS

The interim financial report for Period 2024 is unaudited, but has been reviewed by Grant Thornton Hong Kong Limited, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the Hong Kong Institute of Certified Public Accountants, whose unmodified review report is included in the interim report to be sent to shareholders.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM 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 Interim Report will be despatched to the shareholders and published on the aforesaid websites in due course.

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, 28 February 2025

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.