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 2018

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 2018 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 2018

	Note	2018 HK$'000	2017 HK$'000
Revenue	4	**106,864**	105,223
Cost of sales		**(62,622)**	(61,229)
Gross profit		**44,242**	43,994
Other income	5	**1,842**	891
Selling expenses		**(8,112)**	(9,145)
Administrative and other operating expenses		**(22,901)**	(22,351)
Profit before income tax	6	**15,071**	13,389
Income tax expense	7	**(2,359)**	(2,719)
Profit and total comprehensive income for the year		**12,712**	10,670
Earnings per share attributable to equity owners of the Company			
– basic and diluted	9	**HK6.91 cents**	HK5.80 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Note	2018 HK$'000	2017 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*10*	**20,132**	9,704
Deposits paid for acquisition of property, plant and equipment	*11*	**2,255**	11,361
		22,387	21,065
Current assets			
Inventories		**4,102**	4,834
Trade and other receivables	*11*	**15,383**	15,942
Current tax recoverable		**1,058**	–
Cash and cash equivalents		**68,576**	58,720
		89,119	79,496
Current liabilities			
Trade and other payables	*12*	**8,346**	9,525
Current tax liabilities		**–**	1,443
		8,346	10,968
Net current assets		**80,773**	68,528
Total assets less current liabilities		**103,160**	89,593
Non-current liabilities			
Deferred tax liabilities		**2,199**	1,344
Net assets		**100,961**	88,249
EQUITY			
Share capital		**1,840**	1,840
Reserves		**99,121**	86,409
Total equity		**100,961**	88,249

NOTES

For the year ended 30 June 2018

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 2018, 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 PREPARATION

The annual consolidated financial statements have been prepared in accordance with all applicable 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

New and amended HKFRSs that are effective for annual periods beginning or after 1 July 2017

In the current year, the Group has applied for the first time the following new and amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 July 2017:

Amendments to HKAS 7	Statement of Cash Flows: Disclosure Initiative
Amendments to HKAS 12	Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12 included in Annual Improvements to HKFRSs 2014-2016 Cycle	Disclosure of Interests in Other Entities

These improvements and amendments to HKFRSs had no material impact on the presentation of the Group's consolidated financial statements.

Issued but not yet effective HKFRSs

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[3]
HKFRS 17	Insurance Contracts[4]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Repayment Features with Negative Compensation[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[3]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Considersation[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[3]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective date not yet determined
[3] Effective for annual periods beginning on or after 1 January 2019
[4] Effective for annual periods beginning on or after 1 January 2021

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 is effective for annual periods beginning on or after 1 January 2018 and will replace HKAS 39 "Financial Instruments: Recognition and Measurement" ("HKAS 39") in its entirety. The new standard introduces changes to HKAS 39's guidance on the classification and measurement of financial assets. Under HKFRS 9, each financial asset is classified into one of three main classification categories: amortised cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL"). The classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. An entity may make an irrevocable election at initial recognition to present in other comprehensive income for the subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.

Most of the HKAS 39's requirements for financial liabilities were carried forward unchanged to HKFRS 9. The requirements related to the fair value option for financial liabilities have however been changed to address own credit risk. Where an entity chooses to measure its own debt at fair value, HKFRS 9 requires the amount of the change in fair value due to changes in the entity's own credit risk to be presented in other comprehensive income, unless effect of changes in the liability's credit risk would create or enlarge an accounting mismatch in profit or loss, in which case, all gains or losses on that liability are to be presented in profit or loss.

HKFRS 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, entities are required to account for expected credit losses when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

Expected impacts of the new requirements on the Group's consolidated financial statements are as follows:

(a) Classification and measurement – The Group currently does not have any financial liabilities designated at FVTPL and therefore this new requirement will not have any impact on the Group on adoption of HKFRS 9. All other financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under HKAS 39.

(b) Impairment – For trade and other receivables, the Group applies a simplified approach of recognising lifetime expected credit losses as these items do not have a significant financing components and general approach respectively. Based on a preliminary assessment, the directors of the Group anticipate that the adoption of HKFRS 9 would not have material impact on the results and financial position of the Group.

HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15")

HKFRS 15 presents new requirements for the recognition of revenue, replacing HKAS 18 "Revenue", HKAS 11 "Construction Contracts", and several revenue-related Interpretations. HKFRS 15 contains a single model that applies to contracts with customers and two approaches to recognising revenue; at a point in time or over time. The model features a contract-based five steps analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Furthermore, extensive disclosures are required by HKFRS 15.

HKFRS 15 is effective for annual periods beginning on or after 1 January 2018. The Group has started to assess the impact of HKFRS 15 and expects to apply HKFRS 15, in accordance with modified retrospective approach under which the cumulative effect of initially applying this standard recognised at the date of initial application (i.e. 1 July 2018). The directors do not anticipate that the application of HKFRS 15 will have a material impact on the Group's consolidated financial statements.

HKFRS 16 "Leases" ("HKFRS 16")

HKFRS 16 will replace HKAS 17 "Leases" ("HKAS 17") and the related interpretations. Leases will be recorded on the consolidated statement of financial position in the form of a right-of-use asset and a lease liability. HKFRS 16 is effective from periods beginning on or after 1 January 2019. The directors are yet to fully assess the impact of HKFRS 16 and therefore is unable to provide quantified information. However, in order to determine the impact the Group are in the process of:

- performing a full review of all agreements to assess whether any additional contracts will now become a lease under HKFRS 16's new definition;

- deciding which transitional provision to adopt; either full retrospective application or partial retrospective application (which means comparatives do not need to be restated). The partial application method also provides optional relief from reassessing whether contracts in place are, or contain, a lease, as well as other reliefs. Deciding which of these practical expedients to adopt is important as they are one-off choices; and

- assessing their current disclosures for operating leases (note 13(b)) as these are likely to form the basis of the amounts to be capitalised and become right-of-use assets determining which optional accounting simplifications apply to their lease portfolio and if they are going to use these exemptions assessing the additional disclosures that will be required.

The standard will affect primarily the accounting for the Group's operating leases. As at 30 June 2018, the operating lease commitments amounted to HK$16,908,000 and which will be required to be recognised in the consolidated financial statements as right-of-use assets and lease liabilities if HKFRS 16 would have been applied.

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:

	2018	2017
	HK$'000	*HK$'000*
Sale of apparel labels and packaging printing products	**106,864**	105,223

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.

	2018	2017
	HK$'000	*HK$'000*
Hong Kong (place of domicile)	**26,284**	24,387
Vietnam	**20,313**	14,839
South Korea	**19,985**	19,998
Taiwan	**11,382**	11,213
China	**7,009**	6,044
United States	**5,807**	9,073
Indonesia	**4,276**	3,525
India	**2,527**	4,246
Sri Lanka	**1,324**	2,678
Others	**7,957**	9,220
	106,864	105,223

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 2018 and 2017.

5. OTHER INCOME

	2018	2017
	HK$'000	*HK$'000*
Interest income	**5**	2
Commission income	**914**	705
Net exchange gain	**609**	–
Gain on disposal of property, plant and equipment	**100**	–
Others	**214**	184
	1,842	891

6. PROFIT BEFORE INCOME TAX

The Group's profit before income tax is arrived at after charging:

	2018	2017
	HK$'000	*HK$'000*
(a) Staff costs (including directors' remuneration)		
Salaries, allowances and other benefits	**28,008**	27,507
Contributions to defined contribution retirement plans	**1,012**	1,026
	29,020	28,533
(b) Other items		
Auditor's remuneration	**1,000**	980
Cost of inventories	**62,622**	61,229
Depreciation	**2,614**	1,969
Marketing services fee	**6,742**	7,774
Provision for impairment loss on other receivables	**186**	–
Provision for impairment loss on trade receivables	**78**	229
Operating lease charges:		
– plant and machinery	**777**	559
– premises	**7,847**	7,486

7. INCOME TAX EXPENSE

	2018	2017
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
– Provision for the year	**1,564**	2,892
– Over-provision in respect of prior year	**(60)**	–
Deferred tax		
– Provision/(reversal) for the year	**1,001**	(173)
– Effect on deferred tax balance at 1 July resulting from a change in tax rate	**(146)**	–
Total income tax expense	**2,359**	2,719

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.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No.7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

For the year ended 30 June 2018, Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of the qualifying corporation will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. The profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the rate of 16.5%. (For the year ended 30 June 2017, Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits.)

8. DIVIDENDS

	2018	2017
	HK$'000	*HK$'000*
Proposed final dividend after the end of the reporting period of HK5.00 cents (2017: HKNil cents) per ordinary share	**9,200**	–

On 28 September 2018, the Board of Directors proposed a dividend in respect of the year ended 30 June 2018 of HK5.00 cents per share (year ended 30 June 2017: HKNil cent per share), amounting to HK$9,200,000 (2017: HK$Nil), and to be recommended to the shareholders at the forthcoming annual general meeting. This dividend has not been recognised as a liability at the end of the reporting period.

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$12,712,000 (2017: HK$10,670,000) and the weighted average of 184,000,000 ordinary shares (2017: 184,000,000 ordinary shares) in issue during the year.

Diluted earnings per share for the years ended 30 June 2018 and 2017 equate the basic earnings per share as the Group had no potential dilutive ordinary shares in issue during the years ended 30 June 2018 and 2017.

10. PROPERTY, PLANT AND EQUIPMENT

During the year ended 30 June 2018, additions of property, plant and equipment amounted to HK$13,042,000 (2017: HK$1,185,000).

11. TRADE AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables ***(note (a))***	**10,428**	11,198
Less: allowance for doubtful debts *(note (b))*	**(1,019)**	(941)
	9,409	10,257
Deposits, prepayments and other receivables		
Deposits	**4,612**	13,891
Prepayments	**2,195**	1,749
Other receivables, net of provision	**1,422**	1,406
	8,229	17,046
Less: non-current portion		
Deposits paid for acquisition of property, plant and equipment *(note (c))*	**(2,255)**	(11,361)
Current portion	**15,383**	15,942

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.

(a) Trade receivables

At 30 June 2018, the ageing analysis of trade receivables, based on the invoice date, net of allowance for doubtful debts is as follows:

	2018	2017
	HK$'000	*HK$'000*
Within 3 months	**6,659**	8,038
Over 3 months but within 6 months	**2,588**	1,319
Over 6 months but within 1 year	**110**	633
Over 1 year	**52**	267
	9,409	10,257

(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:

	2018	2017
	HK$'000	*HK$'000*
At 1 July	**941**	712
Impairment loss recognised	**78**	229
At 30 June	**1,019**	941

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

At 30 June 2018, 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 13(a) to this announcement.

12. TRADE AND OTHER PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Trade payables	**3,886**	3,858
Marketing services fee payables	**451**	1,272
Receipt in advance	**334**	364
Accruals and other payables	**3,675**	4,031
	8,346	9,525

At 30 June 2018, the ageing analysis of trade payables, based on the invoice date, is as follows:

	2018	2017
	HK$'000	*HK$'000*
Within 3 months	**3,885**	3,858
Over 3 months but within 6 months	**1**	–
	3,886	3,858

13. COMMITMENTS

(a) Capital commitments

Capital commitments of the Group outstanding at 30 June 2018 not provided for are as follows:

	2018	2017
	HK$'000	*HK$'000*
Contracted for:		
– Office equipment	**282**	282
– Plant and machinery	**134**	–
	416	282

In December 2017, the Group has signed a purchase agreement for a machinery amounted to HK$268,000 and a deposit of HK$134,000 was paid upon signing the agreement.

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.

(b) Operating lease commitments

At 30 June 2018, the total future minimum lease payments under non-cancellable operating leases are payable by the Group as follows:

	2018	2017
	HK$'000	*HK$'000*
Within 1 year	**8,233**	6,782
After 1 year but within 5 years	**8,675**	1,332
	16,908	8,114

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 (2017: 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.

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.

The uncertainties in the global economy and intensified concerns over the global trading environment, consumption was adversely affected. The Group recorded revenue of approximately HK$106.9 million for the year ended 30 June 2018, only representing a slightly increase of approximately 1.6% as compared with that for the year ended 30 June 2017. Gross profit margin was approximately 41.4% for the year ended 30 June 2018 which was approximately 0.4 percentage point lower than that for the year ended 30 June 2017. Profit for the year ended 30 June 2018 was approximately HK$12.7 million.

OUTLOOK

The geopolitical and economic climate around the world will remain uncertain and challenge in the immediate future. Of particular concern are the escalation of the US' trade conflicts with the Mainland China and other major economies for their potential adverse impacts on global trade flows and investor sentiment. Separately, the evolving global financial conditions amid the market increasingly expected that US interest rates would rise faster than earlier expected. Hong Kong as a major economic and trading city in Asia is not immune from the uncertainties about the global economies. The Group's long-term profitability and business growth are affected by the volatility and uncertainty of macroeconomic conditions, and uncertain economic outlook and political conditions of Hong Kong, Mainland China, US and Asia countries. 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 new six-colour offset printing machine with integrated components was put into full operation and it is expected the Group's production efficiency and cost effectiveness will be enhanced. The Group has come to the attention that the changes of the technological developments in the printing industry and responded to the changes in order to expand the Group's market share. The Group will continue to enhance its research and development on products, exploring new markets and expanding its customer base in order to further enhance the Group's overall competitiveness.

In order to diversify and strengthen the business base of the Group, the Group will also seek for other business opportunities as and when appropriate.

FINANCIAL REVIEW

Revenue

Our Group generated revenue mainly from the sale of apparel labels and packaging printing products. It maintained at similar level by slightly increased by approximately HK$1.7 million or 1.6% from approximately HK$105.2 million for the year ended 30 June 2017 to approximately HK$106.9 million for the year ended 30 June 2018.

Cost of sales and gross profit

Cost of sales over the total revenue of the Group for the year ended 30 June 2018 was approximately 58.6%. While comparing with 2017 of 58.2%, there was increase of approximately 0.4 percentage point. Such increase was mainly caused by increase of rental expenses and depreciation expenses.

As a result, the gross profit margins for the year ended 30 June 2018 slightly decreased by approximately 0.4 percentage point to approximately 41.4% (2017: 41.8%). And the gross profit for the year ended 30 June 2018 slightly increased to approximately HK$44.2 million (2017: HK$44.0 million).

Other income

Other income primarily comprises commission income, net exchange gain and interest income. Increase in other income was mainly caused by increase in commission income derived from referrals of businesses and net exchange gain.

Selling expenses

Selling expenses primarily consist of freight charges, transportation and marketing service fees. Selling expenses decreased by approximately HK$1.0 million to HK$8.1 million for the year ended 30 June 2018. Such decrease was mainly caused by decrease of marketing expenses paid for sales and marketing purpose.

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 slightly increase in administrative and other operating expenses by approximately HK$0.6 million to HK$22.9 million for the year ended 30 June 2018. The increase in administrative and other operating expenses was primarily due to increase of salaries and depreciation during the year ended 30 June 2018.

Profit and total comprehensive income

Profit and total comprehensive income slightly increased by approximately HK$2.0 million to approximately HK$12.7 million for the year ended 30 June 2018 as compared with last year. The increases in net profit was primarily due to the Group has implemented stringent measures in cost control and increase in other income.

Liquidity and financial information

As at 30 June 2018, the total amount of cash and cash equivalents of the Group was approximately HK$68.6 million, representing an increase of approximately HK$9.9 million as compared with that as at 30 June 2017. Such increase was mainly caused by financial resources remained under stringent control with prudently and precisely managed. There was no bank and other borrowings as at 30 June 2017 and 2018.

As at 30 June 2018, the current ratio (current assets/current liabilities) was 10.68 times (2017: 7.25 times) and the quick ratio ((current assets-inventories)/current liabilities) was 10.19 times (2017: 6.81 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 2018. And there was no outstanding share options granted as at 30 June 2018. Details of the share option scheme were set out in the Annual Report 2017 dated 22 September 2017.

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 13 of this announcement.

Pledge of assets

As at 30 June 2018, the Group had not pledged any assets (2017: 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$") and mainly of its bank balances are denominated in USD and HK$. As HK$ is pegged to USD, the management does not expect any significant movements in the USD/HK$ exchange rate and considers 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 2018.

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 2018 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 2018**	**Unused Amount**
	HK$ million	*HK$ million*	*HK$ million*
Acquisition of one set of six-colour offset printing machine	15.6	10.3	5.3
Expansion of sales and marketing team	4.2	1.9	2.3
Research and development of the know-how of the application of heat transfer technology	8.8	–	8.8
Upgrade of ERP system	3.0	2.5	0.5
Expansion and/or upgrade of production facilities or development of potential projects through acquisition or cooperation	3.8	1.0	2.8
Working capital and general corporate purpose	0.7	0.7	–
Total	36.1	16.4	19.7

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 2018, the Group had 95 full time management, administrative and operation staff in Hong Kong (as at 30 June 2017: 99).

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 2018.

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 2018.

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 2018 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 2018. 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 2018.

FINAL DIVIDEND

The Board resolved to recommend to the shareholders of the Company at the forthcoming annual general meeting of the Company to be held on Friday, 30 November 2018 ("2018 AGM") of a final dividend of HK5.00 cents per share for the year ended 30 June 2018 (2017: HKNil cents per share) to be paid on Wednesday, 19 December 2018 to the shareholders whose names appear on the register of members of the Company on Monday, 10 December 2018.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the shareholders entitled to attend and vote at the 2018 annual general meeting of the Company, the register of members of the Company will be closed from Tuesday, 27 November 2018 to Friday, 30 November 2018, 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, 26 November 2018.

For determining the entitlement of the shareholders to the proposed final dividend, the register of members of the Company will be closed from Thursday, 6 December 2018 to Monday, 10 December 2018, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited for registration not later than 4:30 p.m. on Wednesday, 5 December 2018.

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 2018 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, 28 September 2018

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.