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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 DISPOSAL OF ASSET

SALE AND PURCHASE AGREEMENT

The Board announced that on 22 January 2024 (after trading hours), the Vendor, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser in relation to the disposal of the Asset for a consideration of HK\$4.08 million.

LISTING RULES IMPLICATION

As one of the applicable percentage ratios calculated under Chapter 14 of the Listing Rules is more than 5% and below 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board announced that on 22 January 2024 (after trading hours), the Vendor, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser in relation to the disposal of the Asset for a consideration of HK\$4.08 million.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are as follows:

Date: 22 January 2024 (after trading hours)

Parties: (1) Hang Sang (Siu Po) Press Company Limited (as Vendor)
(2) People Printing Press Limited (as Purchaser)

Subject Matter: The Vendor has agreed to sell the Asset to the Purchaser. The Purchaser will take delivery of the Asset no later than fourteen (14) days from the date of the Sale and Purchase Agreement. Further details of the Asset are set out in the section headed “Information on the Asset and financial effect of the Disposal” below.

Consideration and payment terms: The consideration of HK\$4.08 million to be paid by the Purchaser for the Disposal (the “**Consideration**”) was agreed between the parties based on arm’s length negotiation. In the event of any amendment or proposed amendment to the Asset and/or Consideration, the parties shall mutually agree in writing the amended Asset and amended Consideration.

The Consideration shall be paid in two installments as follows:

(i) the deposit payment of HK\$1,000,000 shall be paid on or before 22 January 2024; and

(ii) the balance payment of HK\$3,080,000 shall be paid on or before 30 January 2024.

In the event that Purchaser will not take delivery of the Asset no later than fourteen (14) days from the date of the Sale and Purchase Agreement, penalty shall accrue on HK\$10,000 per day.

The Consideration was arrived at after arm’s length negotiations between the Purchaser and the Vendor, with reference to the market realisable value of the Asset. The Directors consider the Consideration is fair and reasonable and on normal commercial terms.

INFORMATION ON THE ASSET AND FINANCIAL EFFECT OF THE DISPOSAL

The Group entered into contract in 2013 to acquire the Asset in order to expand its printing production capacity. As at 31 December 2023, the Asset was no net book value in the consolidated financial statements of the Group.

The Board expected that the Disposal will result in an unaudited net gain to the Group of approximately HK\$4.03 million. The exact amount of the net gain on the Disposal can only be determined at completion of the Disposal.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Asset were acquired during the year ended 30 June 2014 for expanding the Group's printing production capacity. However, the Group's printing customers place orders in cautious approach due to geopolitical tensions and slowing down growth in advanced economies. Therefore, the Asset have not been fully utilised. The Board considered that the current offer of the Disposal presents a good opportunity for the Group to liquidate the Asset and reduce the Group's cost of maintenance and storage. Furthermore, the net proceeds from the Disposal amounting approximately to HK\$4.03 million will enhance the Group's liquidity and strengthen the financial position of the Group. Thus, the Board considers that the terms of the Disposal are fair and reasonable and the Disposal is in the interests of the Company and the shareholders of the Company as a whole.

USE OF PROCEEDS

The net proceeds from the Disposal receivable by the Vendor will amount to approximately HK\$4.03 million (the "Net Proceeds") after taking into account the estimated expenses in relation to the Disposal. The Net Proceeds will be used as general working capital of the Group.

INFORMATION ABOUT THE VENDOR, THE GROUP AND THE PURCHASER

The Vendor is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company. The principal activity of the Vendor is provision of manufacturing and sale of apparel labels and packaging printing products.

The Company is an investment holding company and the Group principally engaged in the businesses of manufacturing and sale of apparel labels and packaging printing products and sale and distribution of food, daily necessities and utility products.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is a company incorporated in Hong Kong with limited liability. The principal activities of the Purchaser are supplies a variety of printing products, and the Purchaser is wholly-owned by the ultimate beneficial owners named Liu Wai Hung (directly held 50% issue share capital of Purchaser), Hui Wing Sze, Alice (directly held 25% issue share capital of Purchaser) and Liu Long Kit Lambert (directly held 25% issue share capital of Purchaser), individuals who are an Independent Third Parties.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios calculated under Chapter 14 of the Listing Rules is more than 5% and below 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, capitalized terms used in this announcement shall have the following meanings:

“Asset”	the offset printing machine, owned by the Vendor for its business of printing production, to be disposed under the Sale and Purchase Agreement
“Board”	the board of Directors
“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
“Disposal”	disposal of the Asset by the Vendor to the Purchaser
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) who is/are independent of, and not connected with, the Company and its connected persons
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchaser”	People Printing Press Limited, a company incorporated in Hong Kong with limited liability
“Sale and Purchase”	the sale and purchase agreement dated 22 January 2024 entered into Agreement” between the Vendor and the Purchaser in relation to the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Vendor”	Hang Sang (Siu Po) Press Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong
“%”	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, 22 January 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.