

HANG SANG (SIU PO) INTERNATIONAL HOLDING COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 3626

SHARE OFFER

Joint Sponsors



Gram Capital Limited
嘉林資本有限公司



VC CAPITAL LIMITED
滙盈融資有限公司

Joint Bookrunners and Joint Lead Managers



VC BROKERAGE LIMITED
滙盈證券有限公司



發利證券有限公司
PRIME SECURITIES LIMITED

IMPORTANT

If you are in any doubt about this prospectus, you should obtain independent professional advice.

Hang Sang (Siu Po) International Holding Company Limited

(Incorporated in the Cayman Islands with limited liability)

SHARE OFFER

Number of Offer Shares under the : 46,000,000 Shares
Share Offer
Number of Public Offer Shares : 4,600,000 Shares (subject to adjustment)
Number of Placing Shares : 41,400,000 Shares (subject to adjustment)
Maximum Offer Price : HK\$1.36 per Offer Share, plus brokerage of
1%, SFC transaction levy of 0.0027% and
Stock Exchange trading fee of 0.005%
(payable in full on application in Hong
Kong dollars, subject to refund on final
pricing)
Nominal value : HK\$0.01 per Share
Stock code : 3626

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Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached to it the documents specified in the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix V to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be determined by agreement between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) on the Price Determination Date. The Price Determination Date is expected to be on or around Monday, 9 May 2016, but in any event, not later than Tuesday, 10 May 2016. The Offer Price will be not more than HK\$1.36 per Offer Share and is currently expected to be not less than HK\$1.10 per Offer Share unless otherwise announced. Investors applying for Public Offer Shares must pay, on application, the maximum Offer Price of HK\$1.36 per Offer Share, unless otherwise announced, together with brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price as finally determined is lower than HK\$1.36. The Joint Lead Managers (for themselves and on behalf of the Underwriters) may, with the consent of our Company, reduce the indicative Offer Price range stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Public Offer. In such a case, a notice of the reduction in the indicative Offer Price range will be published on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.hangsangpress.com not later than the morning of the last day for lodging applications under the Public Offer. Further details are set out in the sections headed "Structure of the Share Offer" and "How to Apply for Public Offer Shares" in this prospectus. If, for any reason, the Offer Price is not agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) on or before Tuesday, 10 May 2016, the Share Offer will not proceed and will lapse.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus and the related Application Forms, including the risk factors set out in the section headed "Risk Factors" in this prospectus.

Pursuant to the termination provisions contained in the Underwriting Agreements in respect of the Offer Shares, the Joint Lead Managers (for themselves and on behalf of the Underwriters) has the right in certain circumstances, in their sole discretion, to terminate the obligations of the Underwriters pursuant to the Underwriting Agreements at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date (which is currently expected to be Wednesday, 18 May 2016). Further details of the terms of the termination provisions are set out in the section headed "Underwriting – Grounds for termination" in this prospectus. It is important that you refer to that section for further details.

No action has been taken to permit an offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than in Hong Kong. Accordingly, this prospectus or the Application Forms may not be used for the purpose of, and does not (and is not intended to) constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus or the Application Forms and the offering of the Offer Shares in other jurisdictions may be restricted by law and therefore persons who possess this prospectus or any of the Application Forms should inform themselves about, and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities law.

30 April 2016

EXPECTED TIMETABLE ⁽¹⁾

If there is any change in the following expected timetable of the Share Offer, we will issue an announcement in Hong Kong to be published in China Daily HK Edition (in English) and Hong Kong Economic Journal (in Chinese) and on the Stock Exchange's website at www.hkexnews.hk and our website at www.hangsangpress.com.

Application lists open⁽²⁾ 11:45 a.m. on Friday, 6 May 2016

Latest time for lodging **WHITE** and **YELLOW**

Application Forms and giving **electronic**

application instructions to HKSCC⁽³⁾ 12:00 noon on Friday, 6 May 2016

Application lists close⁽²⁾ 12:00 noon on Friday, 6 May 2016

Expected Price Determination Date⁽⁴⁾ Monday, 9 May 2016

(1) Announcement of

- the Offer Price;
 - the level of applications in the Public Offer;
 - the level of indications of interest in the Placing; and
 - the basis of allotment of the Public Offer Shares,
- to be published in China Daily HK Edition (in English) and Hong Kong Economic Journal (in Chinese) on or before Tuesday, 17 May 2016

(2) Results of allocations in the Public Offer (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels as described in the section headed "How to Apply for Public Offer Shares – F. Publication of results" from Tuesday, 17 May 2016

(3) A full announcement containing (1) and (2) above to be published on the website of the Stock Exchange at www.hkexnews.hk and on our website at www.hangsangpress.com from Tuesday, 17 May 2016

Results of allocations in the Public Offer will be available at www.iporesults.com.hk with a "search by ID" function Tuesday, 17 May 2016

Despatch of Share certificates in respect of wholly or partially successful applications on or before
(Notes 6 to 10) Tuesday, 17 May 2016

Despatch of refund cheques in respect of wholly successful (where applicable) or wholly or partially unsuccessful applications on or before (Notes 5, 7 to 10) Tuesday, 17 May 2016

Dealings in Shares on the Stock Exchange to commence at 9:00 a.m. on Wednesday, 18 May 2016

EXPECTED TIMETABLE ⁽¹⁾

Notes:

- (1) All times refer to Hong Kong local time. Details of the structure of the Share Offer, including its conditions, are set out in the section headed “Structure of the Share Offer” in this prospectus.
- (2) If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 6 May 2016, the application lists will not open and close on that day. Please refer to the section headed “How to Apply for Public Offer Shares – E. Effect of bad weather on the opening of the application lists” in this prospectus. If the application lists do not open and close on Friday, 6 May 2016, the dates mentioned in this section headed “Expected Timetable” may be affected.
- (3) Applicants who apply by giving **electronic application instructions** to the HKSCC should refer to the section headed “How to Apply for Public Offer Shares – A. Applications for Public Offer Shares – 4. Applying by giving electronic application instructions to HKSCC via CCASS” in this prospectus.
- (4) The Price Determination Date, being the date on which the Offer Price is to be determined, is expected to be on or about Monday, 9 May 2016, but in any event, not later than Tuesday, 10 May 2016. If, for any reason, the Offer Price is not agreed by us and the Joint Lead Managers (for themselves and on behalf of the Underwriters) on or before Tuesday, 10 May 2016, the Share Offer (including the Public Offer) will not proceed and will lapse.
- (5) Refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Public Offer and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant’s Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant’s Hong Kong identity card number or passport number before cashing the refund cheque. Inaccurate completion of an applicant’s Hong Kong identity card number or passport number may lead to delays in encashment of, or may invalidate, the refund cheque.
- (6) Share certificates for the Public Offer Shares will become valid certificates of title at 8:00 a.m. on Wednesday, 18 May 2016 (Hong Kong time), provided that (i) the Share Offer has become unconditional in all respects; and (ii) neither of the Underwriting Agreements has been terminated in accordance with its terms. If the Share Offer does not become unconditional or the Underwriting Agreements are terminated in accordance with their respective terms, the Share Offer will not proceed. In such a case, our Company will make an announcement as soon as possible thereafter.
- (7) Applicants who have applied on **WHITE** Application Forms for 1,000,000 Public Offer Shares or more under the Public Offer and have provided all information required by **WHITE** Application Form may collect any refund cheque(s) (where applicable) and/or Share certificate(s) in person from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, 17 May 2016. Applicants being individuals who are applying for 1,000,000 Public Offer Shares or more and opt for personal collection must not authorise any other person to make collection on their behalf. Applicants being corporations who are applying for 1,000,000 Public Offer Shares or more and opt for personal collection must attend by their authorised representatives bearing letters of authorisation from their corporations stamped with the corporations’ chop. Identification and (where applicable) authorisation documents acceptable to our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, must be produced at the time of collection.
- (8) Applicants who have applied on **YELLOW** Application Forms for 1,000,000 Public Offer Shares or more under the Public Offer may collect their refund cheque(s), where applicable, in person but may not elect to collect their Share certificate(s), which will be deposited into CCASS for the credit of their designated CCASS Participants’ stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedures for collection of refund cheque(s) for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants specified in note (7) above.

EXPECTED TIMETABLE ⁽¹⁾

- (9) For applicants who have applied for Public Offer Shares by giving **electronic application instructions** to HKSCC, their refund (if any) will be credited to their designated bank account or the designated bank account of the designated CCASS Participant through which they made their application on Tuesday, 17 May 2016. For applicants who have instructed their designated CCASS Participant (other than CCASS Investor Participant) to give **electronic application instructions** on their behalf, they can check the amount of refund (if any) payable to them with that designated CCASS Participant. For applicants who have applied as CCASS Investor Participant, they can check the amount of refund (if any) payable to them via the CCASS Phone System and CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Tuesday, 17 May 2016 or in the activity statement showing the amount of refund money credited to their designated bank account made available to them by HKSCC immediately after the credit of refund money to their bank account. Please refer to the section headed "How to Apply for Public Offer Shares – I. Despatch/Collection of Share certificates and refund monies" in this prospectus for details.
- (10) Uncollected Share certificate(s) and refund cheque(s) will be despatched by ordinary post at the applicants' own risk to the addresses specified in the relevant applications. Further details are set out in the section headed "How to Apply for Public Offer Shares – I. Despatch/Collection of Share certificates and refund monies" in this prospectus.

Share certificates will only become valid certificates of title provided that the Share Offer has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of their Share certificates or prior to the Share certificates becoming valid certificates of title do so entirely at their own risk.

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This prospectus is issued by Hang Sang (Siu Po) International Holding Company Limited solely in connection with the Share Offer and the Offer Shares. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the Offer Shares offered by this prospectus pursuant to the Share Offer. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by us, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of their respective directors, officers or representatives, or any other persons or parties involved in the Share Offer.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. Since this is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks of investing in the Offer Shares are set out in the section headed “Risk Factors” in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

BUSINESS

We are principally engaged in the manufacturing and sale of apparel labels and packaging printing products to customers which comprised mainly garment manufacturers and garment related accessories trading companies, and occasionally to garment brand companies. We generated revenue from local and overseas markets including but not limited to South Korea, Taiwan, Vietnam, China, India, Indonesia, Sri Lanka and the United States. Depending on customers’ requirements, our apparel hangtags and labels are typically produced according to the designs and specifications approved by the relevant garment brand companies. Our Group is one of the suppliers approved by the garment brand companies. It was able to obtain approvals from garment brand companies on designs and specifications of products as required by customers.

Our production facilities, office and warehouses are located in Hong Kong with a total usable area of approximately 33,000 sq.ft. Our products include hangtags, size tapes, labels (such as woven labels, heat transfer labels and printed labels), header cards, stickers, price tickets, plastic packaging bags, and packaging boxes. Please refer to the section headed “Business – Production capacity” on pages 111 and 112 in this prospectus for details of our production capacity and utilisation rate. We produce our products either: (i) all by ourselves in Hong Kong; (ii) through subcontracting certain production processes to other independent subcontractors; or (iii) through subcontracting the entire production to other independent subcontractors. We engage external subcontractors mainly for: (i) the provision of printing finishing services, which we consider as more labour intensive, such as certain die-cutting processes, hot stamping, grommeting, paper lamination and hangtag or label stringing; and (ii) the production of certain products which are non-paper products or involve technologies that our Group currently does not have, such as woven labels, plastic packaging bags and heat transfer labels.

Revenue generated from the sale of products aiming to be ultimately used as labels on or packaging materials for finished garments of the Garment Brand Companies amounted to approximately HK\$116.4 million, HK\$120.0 million, HK\$125.1 million and HK\$41.4 million, respectively, representing approximately 97.3%, 95.1%, 94.0% and 93.4% of the total revenue of our Group, respectively, for the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015. We have maintained working relationship with the Garment Brand Companies for more than 8 years. Our marketing services consultant in the United States, among other things, promotes and markets our apparel labels and packaging printing products and printing services in the United States, seeks orders for our products in the United States, cultivates and maintains good relations with our existing

SUMMARY

customers, the garment brand companies and potential customers in the United States, and handles any complaint or after-sales enquiry. We also have our marketing services consultant in South Korea responsible for sourcing invoices from the existing customers of our Group in South Korea and dealing with customer service matters of our Group in South Korea, and a marketing services consultant in India responsible for communication and liaising with local garment factories in relation to our products in India.

Customers

For each of the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015, our total revenue amounted to approximately HK\$119.6 million, HK\$126.3 million, HK\$133.1 million and HK\$44.4 million, respectively. Our single largest customer accounted for approximately 4.8%, 5.2%, 4.6% and 4.9%, respectively, of our total revenue during the same periods, and our five largest customers were Independent Third Parties, which, in aggregate, accounted for approximately 13.5%, 13.8%, 15.0% and 16.9%, respectively, of our total revenue during the same periods.

Many of our existing or potential customers are designated garment manufacturers of the Garment Brand Companies. Certain garment brand companies maintain list(s) of approved suppliers. To the best knowledge of our Directors, the designated garment manufacturers have been provided with an approved list of suppliers for choosing their apparel label and packaging printing product suppliers and we are one of the approved suppliers of garment brand companies to source certain apparel labels and packaging materials to the designated manufacturers.

Suppliers

Suppliers of raw materials

We source our key raw materials, namely, paper, and ink and chemical components, from our suppliers mainly located in Hong Kong.

For each of the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015, our single largest supplier accounted for approximately 16.5%, 11.3%, 11.0% and 11.9% of our total cost of purchases of materials and services (including subcontracting services) from our suppliers, respectively, and our five largest suppliers were Independent Third Parties, which, in aggregate, accounted for approximately 55.7%, 45.2%, 45.6% and 50.8%, respectively, of our total cost of purchase of materials and services (including subcontracting services) from our suppliers during the same periods.

External subcontractors

We engage external subcontractors mainly for the provision of printing finishing services, and for the production of certain products which are non-paper products or involve technologies that our Group currently does not have. For each of the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015, we purchased processing and production subcontracting services from 16, 18, 25 and 17 external subcontractors, of which, 2, 2, 2 and 2 were also our suppliers of raw materials, respectively. For each of the

SUMMARY

years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015, the total amount paid to these subcontractors accounted for approximately 28.9%, 26.4%, 29.7% and 26.2%, respectively, of our total cost of sales. For the same periods, the largest subcontractor accounted for approximately 8.8%, 7.2%, 7.2% and 7.6%, respectively, of our total cost of sales.

OUR COMPETITIVE STRENGTHS

According to the EY Advisory Report, there is a large number of local players in Hong Kong and many of them are manufacturers for apparel brands. However, there is no player which demonstrates dominant performance in the apparel label and packaging printing industry. Hang Sang (Siu Po) is one of the many exporters in the apparel label and packaging printing sector in Hong Kong which together contributed 2% to 3% share of the total Hong Kong export value in 2014.

We believe that the following competitive strengths will enable us to capture future growth opportunities: (i) we have established and maintained long-standing working relationships with the Garment Brand Companies; and (ii) we have a strong management team with in-depth knowledge in the industry and we have fostered a supportive workplace culture. For further details, please refer to the section headed “Business – Competitive strengths” on pages 85 to 87 in this prospectus.

OUR BUSINESS STRATEGIES

Our overall business objective is to become a leading manufacturer of apparel labels and packaging printing products. To achieve this objective, we have formulated the following major business strategies: (i) expand our production capacity by implementing our expansion plan through the acquisition of one set of six-colour offset printing machine; (ii) expand our sales and marketing team; (iii) research and develop the know-how of the application of heat transfer technology; (iv) continue to upgrade our ERP system; and (v) expand and/or upgrade production facilities and/or develop potential projects through acquisition and/or cooperation.

RISK FACTORS

Our Group’s business and financial performance may be affected by a number of factors. Set out below are some of the major risks that may materially and adversely affect our business, financial condition and results of operations:

- We have not entered into long-term contracts with our customers and it is difficult for us to forecast future order quantities.
- We rely on demand from designated garment manufacturers of the Garment Brand Companies and our revenue may be materially and adversely affected if demand from them decreases in the future.

SUMMARY

- We are exposed to credit risk of our customers. Any significant delay or defaults in payments by our customers may materially and adversely affect our financial position and results of operations.
- We depend on third party suppliers of raw materials, and we may not be able to secure a stable supply of raw materials with acceptable quality or on acceptable terms.
- Increases in the prices of raw materials may materially and adversely affect our business, financial condition and results of operations.
- We rely on external subcontractors. Failure of such subcontractors to provide services to us or to meet our requirements may disrupt our business operation which may materially and adversely affect our reputation, financial condition and results of operations.
- The properties in which we carry out our operations are all leased properties. We are exposed to the risks associated with the real estate rental market.
- The success of our plan on research and development of the know-how of the application of heat transfer technology depends significantly on our ability to attract and retain R&D personnel.
- New technologies introduced in the production of apparel labels and packaging materials may have adverse impact on our Group's business.
- We have previous incidents of non-compliance with the laws and regulations and any enforcement action against us or our Directors or the management members of any of our Group may materially and adversely affect our business, reputation, financial condition and results of operations.
- We may be subject to product liability claims if the use of our products has resulted in bodily injuries, property damage or other losses to our customers or the consumers of our customers' end-products.
- Our operations and our production facilities are in Hong Kong and our revenue was largely generated in Hong Kong. Our business is susceptible to any material deterioration in the economic, political and regulatory environment in Hong Kong.

For a detailed discussion of risk factors, please refer to the section headed "Risk Factors" on pages 28 to 46 in this prospectus.

NON-COMPLIANCE INCIDENTS

During the Track Record Period and as at the Latest Practicable Date, we had inadvertently contravened (i) the Predecessor Companies Ordinance, (ii) the Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong), (iii) the Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong) and (iv) the Employees' Compensation

SUMMARY

Ordinance (Chapter 282 of the Laws of Hong Kong). Please refer to the summary table headed “Major non-compliance matters of our Group during the Track Record Period and as at the Latest Practicable Date” under “Regulatory compliance” in the “Business” section of this prospectus for details including the maximum potential legal exposure and financial impacts of each non-compliance incident.

OUR CORPORATE HISTORY AND CONTROLLING SHAREHOLDERS

Our Controlling Shareholders, Mr Samson Fung and his younger brother, Mr David Fung, acquired the entire issued share capital in A W Printing from Independent Third Parties in 1997. As our Group’s business grew, Mr Samson Fung and Mr David Fung established Hang Sang (Siu Po) in 1999 through which our Group’s production business was and is carried out. Mr Samson Fung and Mr David Fung are our Controlling Shareholders as they are brothers who together hold HSSP and are together entitled to exercise, or control the exercise of, 30% or more of the voting power at general meetings of our Company through HSSP (which is 62% owned by Mr Samson Fung and 38% owned by Mr David Fung) which will directly control 75% of the enlarged issued share capital of our Company immediately after completion of the Share Offer. For further details of our corporate history and background of our Controlling Shareholders, please refer to the sections headed “History, Development and Reorganisation” on pages 78 to 83, “Relationship with Controlling Shareholders” on pages 179 to 185, and “Directors, Senior Management and Employees” on pages 193 to 204 of this prospectus.

SUMMARY OF FINANCIAL INFORMATION

Our Directors believe that the following major factors may affect our Group’s revenue and results of operations: (i) economic conditions in Hong Kong; (ii) reliance on relationship with the Garment Brand Companies; and (iii) fluctuations of raw material price. The summary below should be read together with the financial information in Appendix I to this prospectus, including the accompanying notes.

Summary of the combined statements of profit or loss and other comprehensive income

	Year ended 30 June			Four months ended	
	2013	2014	2015	31 October	2015
	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000
	(Audited)	(Audited)	(Audited)	(Unaudited)	(Audited)
Revenue	119,568	126,275	133,097	44,991	44,371
Gross profit	47,705	53,968	56,846	19,279	21,015
Gross profit margin	39.9%	42.7%	42.7%	42.9%	47.4%
Profit and total comprehensive income for the year/period	19,794	23,294	27,472	9,556	4,454
Net profit margin	16.6%	18.4%	20.6%	21.2%	10.0%

SUMMARY

Revenue

Revenue of our Group increased by approximately 5.6% from approximately HK\$119.6 million to approximately HK\$126.3 million for the year ended 30 June 2014 and further by approximately 5.4% to approximately HK\$133.1 million for the year ended 30 June 2015. The increase in revenue for the year ended 30 June 2014 was mainly due to (i) the increase in the sales volume (in terms of units sold) while average selling price per unit sold maintained at similar level, please refer to breakdown on sales volume and average selling price by product types below for details; and (ii) the increase in sales amount generated from certain existing major customers in the respective year. The increase in revenue for the year ended 30 June 2015 was also mainly due to (i) the increase in the sales volume (in terms of units sold) while average selling price per unit sold maintained at similar level, please refer to breakdown on sales volume and average selling price by product types below for details; and (ii) the increase in sales amount generated from certain existing major customers in the respective year. Our Directors consider that customers might have been attracted by the benefit of relatively short production lead time brought by the six-colour offset printing machine acquired in the second half of year 2013 which, in turn, resulted in an increase in the volume of our products ordered by customers for the year ended 30 June 2014 and a further increase for the year ended 30 June 2015 (that is, the first full year for the operation of the six-colour offset printing machine).

Revenue of our Group maintained at similar level of approximately HK\$45.0 million and HK\$44.4 million for the four months ended 31 October 2014 and the four months ended 31 October 2015.

A breakdown on revenue of our Group by geographical areas for the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015 is summarised as below:

	2013		Year ended 30 June				Four months ended	
	HK\$'000	%	2014	%	2015	%	31 October 2015	%
			HK\$'000		HK\$'000		HK\$'000	
Hong Kong	33,334	27.9	34,352	27.2	37,945	28.5	12,127	27.3
South Korea	20,201	16.9	23,980	19.0	23,762	17.9	8,818	19.9
Taiwan	16,851	14.1	17,277	13.7	15,484	11.6	4,154	9.4
Vietnam	7,297	6.1	7,619	6.0	11,804	8.9	4,477	10.1
China	6,923	5.8	8,905	7.1	9,220	6.9	2,035	4.6
India	6,268	5.2	6,357	5.0	4,988	3.7	1,801	4.0
Indonesia	5,745	4.8	6,864	5.4	5,551	4.2	2,093	4.7
Sri Lanka	5,581	4.7	4,232	3.4	3,824	2.9	1,030	2.3
United States	4,577	3.8	6,615	5.2	10,552	7.9	3,620	8.2
Others	12,791	10.7	10,074	8.0	9,967	7.5	4,216	9.5
	119,568	100.0	126,275	100.0	133,097	100.0	44,371	100.0

Note: Others include countries such as El Salvador, Singapore and Malaysia.

SUMMARY

A breakdown on revenue, sales volume, and average selling price of our Group by products for the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015 is summarised as below:

Product types	2013				Year ended 30 June 2014				2015				Four months ended 31 October 2015			
	Revenue		Sales volume		Revenue		Sales volume		Revenue		Sales volume		Revenue		Sales volume	
	HK\$'000	%	'000	HK\$	HK\$'000	%	'000	HK\$	HK\$'000	%	'000	HK\$	HK\$'000	%	'000	HK\$
Hangtag	67,112	56.1	256,520	0.26	72,312	57.3	282,311	0.26	74,875	56.3	308,458	0.24	27,062	61.0	113,998	0.24
Label	6,709	5.6	37,726	0.18	7,203	5.7	39,025	0.18	13,186	9.9	81,205	0.16	3,366	7.6	22,784	0.15
Sticker	11,899	10.0	106,712	0.11	12,465	9.9	107,063	0.12	11,216	8.4	99,256	0.11	3,701	8.3	34,055	0.11
Bag	14,548	12.2	15,382	0.95	11,345	9.0	10,489	1.08	10,138	7.6	7,936	1.28	3,979	9.0	2,493	1.60
Size tape	7,574	6.3	50,818	0.15	8,684	6.9	55,410	0.16	8,494	6.4	53,538	0.16	2,435	5.5	15,606	0.16
Others	11,726	9.8	86,580	0.14	14,266	11.2	103,629	0.14	15,188	11.4	93,681	0.16	3,828	8.6	26,975	0.14
	<u>119,568</u>	<u>100.0</u>	<u>553,738</u>	<u>0.22</u>	<u>126,275</u>	<u>100.0</u>	<u>597,927</u>	<u>0.21</u>	<u>133,097</u>	<u>100.0</u>	<u>644,074</u>	<u>0.21</u>	<u>44,371</u>	<u>100.0</u>	<u>215,911</u>	<u>0.21</u>

Note: Others include packaging boxes, price tickets, header cards and string.

For illustrative purposes, a summary of gross profit margin by main products of our Group based on best estimation of our Directors for the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015 is set out as below:

Product types	Year ended 30 June			Four months ended 31 October 2015
	2013	2014	2015	2015
	%	%	%	%
Hangtag	40.5	43.3	43.9	45.7
Label	26.0	28.4	29.5	48.7
Sticker	47.9	50.2	50.6	53.0
Bag	31.7	34.5	35.6	47.8
Size tape	47.9	50.2	50.7	53.0

Please refer to the paragraphs headed “Products” of the “Business” section of this prospectus for the explanation on the fluctuations of gross profit margin by main products of our Group.

Gross profit margins

The gross profits of our Group were approximately HK\$47.7 million, HK\$54.0 million, HK\$56.8 million and HK\$21.0 million, respectively, representing gross profit margins of approximately 39.9%, 42.7%, 42.7% and 47.4%, respectively, for the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015. Total cost of sales of our Group maintained at similar level of approximately HK\$71.9 million and HK\$72.3 million, respectively, for the years ended 30 June 2013 and 2014. Total cost of sales of our Group increased by approximately 5.5% to approximately HK\$76.3 million for the year ended 30 June 2015, which is in line with the growth of sales of the year. Total cost of sales of our Group decreased by approximately 9.2% from approximately HK\$25.7 million for the four

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months ended 31 October 2014 to approximately HK\$23.4 million for the four months ended 31 October 2015. Our gross profit margin increased for the year ended 30 June 2014 and remained stable for the year ended 30 June 2015 mainly because of the increase in our revenue for both financial years as mentioned under “Reasons for revenue growth” of “Principal income statement components” under the “Financial Information” section of this prospectus; and our cost of sales remained stable for the year ended 30 June 2014 and experienced slight increase for the year ended 30 June 2015. Our gross profit margin increased for the four months ended 31 October 2015 compared to the corresponding period in 2014 mainly because our revenue maintained stable and our cost of sales decreased for the period. Please refer to the paragraphs headed “Cost of sales” of “Principal income statement components” under the “Financial Information” section of this prospectus for the reasons for the increase in cost of sales for the year ended 30 June 2015 and the decrease in cost of sales for the four months ended 31 October 2015 as compared with the corresponding period of 2014.

Other income, selling expense and administrative expense

Our Group recorded other income of approximately HK\$1.5 million, HK\$0.9 million, HK\$1.2 million and HK\$0.5 million for the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015, respectively. For the year ended 30 June 2013, other income comprised gain on disposal of two motor vehicles of approximately HK\$0.2 million. The motor vehicles were acquired for the use of our Group and disposed in December 2012. For the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015, there were commission income of approximately HK\$1.1 million, HK\$0.9 million, HK\$1.2 million and HK\$0.4 million, respectively. Commission income represents our Group’s referrals of businesses to a company which is also a customer of our Group during the Track Record Period in Sri Lanka.

Selling expense of our Group increased from approximately HK\$9.3 million for the year ended 30 June 2013 to approximately HK\$11.3 million for the year ended 30 June 2014 and decreased to approximately HK\$10.9 million for the year ended 30 June 2015. Selling expense of our Group decreased from approximately HK\$3.5 million for the four months ended 31 October 2014 to approximately HK\$2.8 million for the four months ended 31 October 2015. Selling expense mainly comprised marketing services fee, transportation and freight charges.

Administrative expense of our Group decreased from approximately HK\$16.2 million for the year ended 30 June 2013 to approximately HK\$15.7 million for the year ended 30 June 2014 and further decreased to approximately HK\$14.3 million for the year ended 30 June 2015. Administrative expense of our Group increased from approximately HK\$4.8 million for the four months ended 31 October 2014 to approximately HK\$12.1 million for the four months ended 31 October 2015 mainly because of the increase in salaries and the Listing expenses were incurred. Salaries increased from approximately HK\$3.9 million for the year ended 30 June 2013 to approximately HK\$4.3 million for the year ended 30 June 2014 mainly due to salary increment and increase in bonus. Salaries reduced to approximately HK\$3.8 million for the year ended 30 June 2015 mainly because of the resignation of a senior staff in March 2014. Salaries increased from approximately HK\$1.3 million for the four months ended 31 October 2014 to approximately HK\$1.8 million for the

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four months ended 31 October 2015 mainly due to the increase in basic salaries and the grant of bonus. Our Group recorded bad debts of approximately HK\$0.4 million, HK\$0.3 million, HK\$Nil and HK\$0.2 million, respectively, for the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015.

Please refer to the paragraphs headed under “Selling expenses” and “Administrative expenses” of “Principal income statement components” of the “Financial Information” section of this prospectus for the explanations on fluctuation of major items in the selling expenses and administrative expenses.

Net profit

The net profit of our Group increased by approximately 17.7% to approximately HK\$23.3 million for the year ended 30 June 2014 and further increased by approximately 17.9% to approximately HK\$27.5 million for the year ended 30 June 2015. The increase in net profit of our Group for the year ended 30 June 2014 and the increase in net profit of our Group for the year ended 30 June 2015 were mainly because of the increase in revenue and satisfactory cost control. The net profit of our Group decreased by approximately 53.4% to approximately HK\$4.5 million for the four months ended 31 October 2015 as compared with the corresponding period in 2014 mainly because the Listing expenses were incurred.

Net current assets

As at 30 June 2013, 30 June 2014, 30 June 2015 and 31 October 2015, our Group had net current assets of approximately HK\$18.3 million, HK\$8.7 million, HK\$38.1 million and HK\$13.3 million, respectively. The current assets were made up of inventories, trade and other receivables, amount due from a director/a related company/the ultimate holding company and cash and cash equivalents. The current liabilities were made up of trade and other payables, amounts due to directors and current tax liabilities. Our net current assets decreased from approximately HK\$18.3 million as at 30 June 2013 to approximately HK\$8.7 million as at 30 June 2014 mainly due to the increase in current liabilities. Amounts due to directors increased largely from approximately HK\$16.9 million as at 30 June 2013 to approximately HK\$27.6 million as at 30 June 2014. Our net current assets increased substantially from approximately HK\$8.7 million as at 30 June 2014 to approximately HK\$38.1 million as at 30 June 2015 mainly due to the increase in current assets and the decrease in current liabilities. Current assets increased from approximately HK\$52.2 million as at 30 June 2014 to approximately HK\$65.7 million as at 30 June 2015 mainly because the amount due from a director of approximately HK\$10.1 million was incurred. Current liabilities decreased from approximately HK\$43.6 million as at 30 June 2014 to approximately HK\$27.6 million as at 30 June 2015 mainly because of the decrease in amounts due to directors from approximately HK\$27.6 million to approximately HK\$10.3 million. Our net current assets decreased from approximately HK\$38.1 million as at 30 June 2015 to approximately HK\$13.3 million as at 31 October 2015 mainly due to the increase in current liabilities. Amounts due to directors increased largely from approximately HK\$10.3 million as at 30 June 2015 to approximately HK\$32.8 million as at 31 October 2015 mainly because final dividends of HK\$30 million for the year ended 30 June 2015 were declared, of which approximately HK\$23.6 million was declared to Mr Samson Fung (thereby increasing the amount due to him as a Director from the Group), and approximately HK\$6.4 million

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was declared to Mr David Fung (thereby reducing the amount due from him as a Director to the Group). Our Group expected the outstanding balances with directors will be fully settled prior to the Listing. Please refer to the paragraph headed “Amounts due from/to directors” under “Major components in net current assets” of “Liquidity, financial and capital resources” and “Dividend and dividend policy” under the “Financial Information” section of this prospectus for details.

Inventories consist of (i) raw materials which were mainly paper, and ink and chemical components; (ii) work in progress which was mainly mixed ink and basesheet; and (iii) finished goods which were products ready for sale. For the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015, our inventory turnover days were approximately 13, 16, 16 and 25 days, respectively. The inventory turnover day was relatively long for the four months ended 31 October 2015 mainly because of the snapshot position of inventory pending for delivery as at 31 October 2015. Of approximately HK\$4.7 million inventory as at 31 October 2015, approximately HK\$2.6 million was attributable to finished goods and about 90% of finished goods aged in 0-30 days.

Trade and other receivables of our Group as at 30 June 2013, 30 June 2014 and 30 June 2015 consist of trade receivables of approximately HK\$16.4 million, HK\$12.3 million and HK\$10.7 million, respectively (after deducting allowance for doubtful debts of approximately HK\$0.3 million, HK\$0.5 million and HK\$0.5 million, respectively.) The trade receivable (after deducting allowance for relevant doubtful debts) turnover days were approximately 50 days, 36 days and 29 days, respectively, for the years ended 30 June 2013, 2014 and 2015. The decrease in trade receivables was mainly due to strengthened credit controls. Up to the Latest Practicable Date, trade receivables as at 30 June 2013 and 2014 had been fully settled and approximately HK\$0.2 million of trade receivables as at 30 June 2015 remained outstanding. Trade and other receivables were approximately HK\$20.7 million as at 31 October 2015, which consist of trade receivables of approximately HK\$16.5 million (after deducting allowance for doubtful debts of approximately HK\$0.7 million). The trade receivable (after deducting allowance for doubtful debts) turnover days were approximately 46 days for the four months ended 31 October 2015. The increase in trade receivables was mainly due to the delay of settlements from customers. Up to 30 November 2015, approximately 55.7% of the outstanding balance as at 31 October 2015 had been settled. Up to the Latest Practicable Date, approximately HK\$0.4 million of trade receivables as at 31 October 2015 remained outstanding. During the Track Record Period, our Group’s credit terms granted to customer generally ranged from 0 to 2 months.

The cash and cash equivalents maintained at similar level of approximately HK\$31.8 million, HK\$33.8 million, HK\$37.8 million and HK\$35.5 million, respectively, as at 30 June 2013, 2014 and 2015 and 31 October 2015.

The trade and other payables were approximately HK\$15.6 million, HK\$14.1 million, HK\$13.3 million and HK\$14.0 million as at 30 June 2013, 30 June 2014, 30 June 2015 and 31 October 2015, respectively. Trade payables decreased from approximately HK\$7.9 million as at 30 June 2013 to approximately HK\$7.0 million as at 30 June 2014 and further to approximately HK\$6.4 million as at 30 June 2015 mainly because outstanding amounts for major trade payables were settled before the respective year end. The trade payable turnover days decreased from approximately 40 days for the year ended 30 June 2013 to

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approximately 35 days for the year ended 30 June 2014 and decreased further to approximately 31 days for the year ended 30 June 2015. Trade payables as at 31 October 2015 increased to HK\$9.1 million mainly because of relatively late settlement of payments to our suppliers. The trade payable turnover days were approximately 48 days for the four months ended 31 October 2015. Payment terms granted by suppliers ranged from 1 to 3 months from the invoice date of the relevant purchases.

MAJOR FINANCIAL RATIOS

	Year ended 30 June			Four months ended 31 October
	2013	2014	2015	2015
Return on equity	95.6%	110.9%	56.7%	19.4%
Return on total assets	34.8%	35.0%	35.3%	5.9%
Current ratio (<i>unit: times</i>)	1.5	1.2	2.4	1.3
Quick ratio (<i>unit: times</i>)	1.4	1.1	2.3	1.2
Gearing ratio	N/A	N/A	N/A	N/A
Debt-to-equity ratio	N/A	N/A	N/A	N/A
Interest coverage (<i>unit: times</i>)	N/A	N/A	N/A	N/A

You may refer to section headed “Financial Information – Major financial ratios” on pages 173 and 174 of this prospectus for details.

LISTING EXPENSES AND RECENT DEVELOPMENTS SUBSEQUENT TO THE TRACK RECORD PERIOD

Our Group’s financial results will be affected by non-recurring expenses in relation to the Listing. The estimated Listing expenses in relation to the Listing are approximately HK\$26.5 million (based on the Offer Price of HK\$1.23, being the midpoint of the indicative Offer Price range of HK\$1.10 to HK\$1.36 per Offer Share), of which approximately HK\$6.6 million is directly attributable to the issue of the Offer Shares under the Share Offer and is expected to be accounted for as a deduction from equity. The remaining Listing expenses of approximately HK\$19.9 million are expected to be charged to the statement of profit or loss and other comprehensive income of our Group for the year ending 30 June 2016. Expenses in relation to the Listing are non-recurring and were not incurred during the Track Record Period. Accordingly, our Board wishes to inform our Shareholders and potential investors that our Group’s financial results for the year ending 30 June 2016 will be affected by the estimated expenses in relation to the Listing. Please refer to the paragraph headed “Possible impact of certain non-recurring expenses to the financial performance of our Group” under “Risks relating to our business” under the “Risk Factors” section for the disclosure of such impact as a risk factor.

For the year ended 30 June 2015, final dividends of HK\$18 million and HK\$12 million were declared to the then shareholders of Hang Sang (Siu Po) and A W Printing, respectively. The final dividends in aggregate declared to the then shareholders were applied

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to offset the balances of amounts due from/to such shareholders in their capacity as directors of our Group. Our Group expected the outstanding balances with directors will be fully settled prior to the Listing.

Based on the unaudited management accounts of our Group, revenue of our Group for the five months ended 31 March 2016 decreased moderately as compared to the corresponding period in 2015. Our Directors confirmed that the decrease was mainly because customers became more cautious on placing orders to our Group for preparing their production of garments in view of recent market condition. Gross profit margin decreased for the five months ended 31 March 2016 as compared to that of the corresponding period in 2015 mainly due to (i) the decrease in revenue as mentioned above; and (ii) direct labour cost and fixed cost such as rental expenses of the factory premises remained at similar level despite the decrease in revenue. Selling expenses decreased for the five months ended 31 March 2016 as compared to that of the corresponding period in 2015 mainly due to (i) the decrease in fee paid to Garment Brand Companies. From July 2015 onwards, instead of paying the fee to Garment Brand Company C, we deduct the same percentage from pricing on relevant products sold to the apparel manufacturing vendors of Garment Brand Company C; and (ii) the decrease in payment of fee(s) to marketing services consultant(s) and the amount depends on the progress of marketing services provided. Administrative expenses of our Group for the five months ended 31 March 2016 increased substantially as compared to that of the corresponding period in 2015 mainly due to the fact that the Listing expenses were incurred. As a result, net profit of our Group for the five months ended 31 March 2016 decreased substantially as compared to the corresponding period in 2015. If not taking into account the Listing expenses, the net profit margin of our Group for the five months ended 31 March 2016 would decrease largely as compared to that of the corresponding period in 2015. Our Directors expect that without taking Listing expenses into account, net profit for the year ending 30 June 2016 may decrease moderately as compared with the net profit for the year ended 30 June 2015 because customers may be more cautious in making purchases with our Group during the year ending 30 June 2016 in view of the market condition as described earlier in this paragraph.

Factors and events which are expected to adversely affect financial performance going forward

Our Directors expect that the following factors and events may adversely affect financial performance of our Group going forward: (i) additional staff costs relating to research and development of the know-how of the application of heat transfer technology; (ii) depreciation expenses including depreciation expenses from the new six-colour offset printing machine and the new machine for treatment of liquid waste for environmental protection; (iii) increase in rental expenses of the premises of our Group following the renewal of tenancy agreements before the Listing; (iv) additional rental expenses to be incurred for the lease of a premises to set up a laboratory for the research and development of the know-how of the application of heat transfer technology; (v) Listing expenses to be incurred; (vi) additional staff costs relating to the recruitment of experienced salesperson(s) and/or appointment of additional marketing services consultant(s) and/or professional advisers after the Listing; and (vii) additional emolument payable to an executive Director, Mr Alex Fung, who has been appointed as a Director since 8 October 2015, and the three independent non-executive Directors.

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NO MATERIAL ADVERSE CHANGE

Our Directors confirmed that except for the Listing expenses which have been incurred, there has been no material adverse change in the financial or trading position of our Group since 31 October 2015 (being the date to which the latest audited combined financial information was prepared which was set out in the Accountants' Report in Appendix I to this prospectus) to the date of this prospectus.

SHARE OFFER STATISTICS

	Based on an Offer Price of HK\$1.10 per Share	Based on an Offer Price of HK\$1.36 per Share
Market capitalisation of the Shares ⁽¹⁾	HK\$202.4 million	HK\$250.2 million
Unaudited pro forma adjusted combined net tangible assets per Share ⁽²⁾	HK\$0.29	HK\$0.35

Notes:

- (1) The calculation of market capitalisation is based on 184,000,000 Shares expected to be issued and outstanding following the completion of the Share Offer and the Capitalisation Issue.
- (2) The unaudited pro forma adjusted combined net tangible assets per Share is determined after making the adjustments as described in notes 1 to 3 as set out in Appendix II "Unaudited Pro Forma Financial Information" to this prospectus.
- (3) No adjustment has been made to the unaudited pro forma adjusted combined net tangible assets of our Group attributable to the equity holders of our Company as at 31 October 2015 to reflect any trading results or other transactions of the Group entered into subsequent to 31 October 2015.

FUTURE PLANS AND USE OF PROCEEDS

We estimate that the net proceeds of the Share Offer which we will receive, assuming an Offer Price of HK\$1.23 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), will be approximately HK\$30.1 million, after deduction of the Joint Sponsors' fees, underwriting fees and commissions, and estimated expenses payable by us in connection with the Share Offer. We currently intend to use such net proceeds of the Share Offer as follows:

- approximately 43.2% or HK\$13.0 million for the acquisition of one set of six-colour offset printing machine;
- approximately 11.6% or HK\$3.5 million for the expansion of our sales and marketing team;
- approximately 24.3% or HK\$7.3 million for the research and development of the know-how of the application of heat transfer technology;
- approximately 8.3% or HK\$2.5 million for the continuous upgrading of our ERP system;

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- approximately 10.6% or HK\$3.2 million for the expansion and/or upgrading of production facilities or development of potential projects through acquisition or cooperation. As at the Latest Practicable Date, our Group has not yet identified any target for acquisition or cooperation; and
- the remaining approximately 2.0% or HK\$0.6 million for working capital and general corporate purposes.

For details on how we plan to apply the net proceeds from the Share Offer, please refer to the section headed “Future Plans and Use of Proceeds” on page 205 in this prospectus.

DIVIDEND AND DIVIDEND POLICY

For each of the years ended 30 June 2013, 2014 and 2015, interim dividends of HK\$15 million, HK\$20 million and HK\$Nil, respectively, were declared and paid to the then shareholders of Hang Sang (Siu Po), and interim dividends of HK\$3 million, HK\$3 million and HK\$Nil, respectively, were declared and paid to the then shareholders of A W Printing. For the year ended 30 June 2015, final dividends of HK\$18 million and HK\$12 million were declared to the then shareholders of Hang Sang (Siu Po) and A W Printing, respectively, of which an aggregate of approximately HK\$23.6 million was declared to Mr Samson Fung (thereby increasing the amount due to him as a Director from the Group), and an aggregate of approximately HK\$6.4 million was declared to Mr David Fung (thereby reducing the amount due from him as a Director to the Group). Dividend payout ratio for the years ended 30 June 2013, 2014 and 2015 was approximately 90.9%, 98.7% and 109.2% respectively. Our Group expected the outstanding balances with directors will be fully settled prior to the Listing. As a result, our cash and cash equivalents will decrease accordingly. Funding for the settlement of the final dividends for the year ended 30 June 2015 will be sourced by the internal resources from business operation of our Group.

Our Group does not have any dividend policy and has not adopted a fixed dividend pay-out ratio. Dividends may be paid out by way of cash or by other means that our Group considers appropriate. Declaration and payment of any dividends would require the recommendation of the Board and will be at their discretion. In addition, any final dividend for a financial year will be subject to Shareholders’ approval. A decision to declare or to pay any dividend in the future, and the amount of any dividends, depends on a number of factors, including results of operations, financial condition, the payment by our Group’s subsidiaries of cash dividends to us, and other factors the Board may deem relevant. You may refer to “Financial Information – Dividend and dividend policy” on pages 160 and 161 of this prospectus for details.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below:

“Application Form(s)”	WHITE Application Form(s) and YELLOW Application Form(s), or where the context so requires, any of them, relating to the Public Offer
“Articles of Association” or “Articles”	the articles of association of our Company conditionally adopted on 26 April 2016 (as amended or supplemented from time to time) which shall become effective upon the Listing
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of our Board
“A W Printing”	A W Printing & Packaging Limited, a company incorporated in Hong Kong with limited liability on 29 November 1994 and an indirect wholly-owned subsidiary of our Company
“Board”	our board of Directors
“business day”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
“BVI”	the British Virgin Islands
“Capitalisation Issue”	the issue of new Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company as referred to in the section headed “Statutory and General Information – A. Further information about our Group – 4. Written resolutions of the sole Shareholder” in Appendix IV to this prospectus
“Cayman Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct participant or a general clearing participant

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“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant
“China” or “PRC”	the People’s Republic of China which, for the purpose of this prospectus, excludes Hong Kong, Macau and Taiwan
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (as amended, supplemented and/or otherwise modified from time to time)
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (as amended, supplemented and/or otherwise modified from time to time)
“Company” or “our Company”	Hang Sang (Siu Po) International Holding Company Limited, a company incorporated as an exempted company with limited liability in the Cayman Islands on 8 October 2015
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules, and, in the context of our Company, means HSSP, Mr Samson Fung and Mr David Fung
“Deed of Non-competition”	the deed of non-competition undertakings from our Controlling Shareholders to us dated 26 April 2016
“Director(s)”	the director(s) of our Company
“EY Advisory”	Ernst & Young (China) Advisory Limited, an international consulting firm providing data and analysis in relation to various industries, which is an Independent Third Party
“EY Advisory Report”	an industry report prepared by EY Advisory

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“Garment Brand Companies”	four international garment brand companies based in the United States
“Gram Capital”	Gram Capital Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO and one of the Joint Sponsors in respect of the Listing
“Group”, “our Group”, “we” or “us”	our Company and our subsidiaries
“Hang Sang (Siu Po)”	Hang Sang (Siu Po) Press Company Limited (恆生(兆保)印務有限公司), a company incorporated in Hong Kong with limited liability on 12 November 1999 and an indirect wholly-owned subsidiary of our Company
“Hang Sang (Siu Po) Holding”	Hang Sang (Siu Po) Holding Limited, a company incorporated in the BVI with limited liability on 8 October 2015 and a wholly-owned subsidiary of our Company
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRSs”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Legal Counsel”	Mr Chan Chung (陳聰), a barrister-at-law in Hong Kong, the Hong Kong legal counsel to our Group in respect of compliance of business activities carried out by our Group
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited
“HSSP”	HSSP Limited, a company incorporated in the BVI with limited liability on 8 October 2015, a Controlling Shareholder which is 62% owned by Mr Samson Fung and 38% owned by Mr David Fung

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“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) any of the directors, chief executive or substantial shareholders of our Company or our subsidiaries or any of their respective associates
“Issuing Mandate”	the unconditional mandate granted to our Directors to allot and issue Shares pursuant to the resolutions set out in the section headed “Statutory and General Information – A. Further information about our Group – 4. Written resolutions of the sole Shareholder” in Appendix IV to this prospectus
“Joint Bookrunners” or “Joint Lead Managers”	Prime Securities and VC Brokerage, the joint bookrunners and joint lead managers of the Share Offer
“Joint Sponsors”	Gram Capital and VC Capital, the joint sponsors to our Company in respect of the Listing
“kg”	kilogramme(s)
“Lam & Co”	Lam & Co., the Hong Kong legal advisers to our Group in respect of compliance with applicable laws for the payment of fees to certain Garment Brand Companies by our Group
“Latest Practicable Date”	20 April 2016, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information in this prospectus
“Listing”	the listing of the Shares on the Main Board
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Date”	the date on which dealings in our Shares on the Main Board commence
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended, supplemented and/or otherwise modified from time to time)
“Locke Lord”	Locke Lord, the U.S. legal advisers to our Group in respect of compliance with applicable laws for the payment of fees to certain Garment Brand Companies by our Group
“Macau”	the Macau Special Administrative Region of the PRC

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“Main Board”	the stock exchange (excluding the option markets) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
“Memorandum of Association”	the memorandum of association of our Company, adopted on 26 April 2016 (as amended or supplemented from time to time)
“Mr Alex Fung”	Mr Fung Kar Chue Alexander (馮家柱), an executive Director and our vice president, the son of Mr Samson Fung and a nephew of Mr David Fung
“Mr David Fung”	Mr Fung Man Kam (馮文錦), one of our Controlling Shareholders and executive Directors, and our senior vice president, the younger brother of Mr Samson Fung and an uncle of Mr Alex Fung
“Mr Samson Fung”	Mr Fung Man Wai Samson (馮文偉), one of our Controlling Shareholders and executive Directors, our chairman and chief executive officer, the elder brother of Mr David Fung and the father of Mr Alex Fung
“Nomination Committee”	the nomination committee of our Board
“Offer Price”	the final price per Offer Share in Hong Kong dollars (exclusive of brokerage of 1%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005%) at which the Offer Shares are to be subscribed for and issued pursuant to the Share Offer, to be determined in the manner further described in the section headed “Structure of the Share Offer – Pricing and allocation” in this prospectus
“Offer Shares”	the Public Offer Shares and the Placing Shares
“Placing”	the conditional placing of the Placing Shares by the Placing Underwriters to institutional, professional and other investors, details of which are described in the section headed “Structure of the Share Offer” in this prospectus
“Placing Shares”	the 41,400,000 new Shares (subject to adjustment as described in the section headed “Structure of the Share Offer” in this prospectus) to be issued by us under the Placing
“Placing Underwriters”	the underwriters of the Placing

DEFINITIONS

“Placing Underwriting Agreement”	the underwriting agreement relating to the Placing which is expected to be entered into by our Controlling Shareholders, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Placing Underwriters and our Company on or about the Price Determination Date
“Predecessor Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as in force before the commencement of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Price Determination Agreement”	the agreement expected to be entered into between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) on or before the Price Determination Date to record the agreement on the final Offer Price
“Price Determination Date”	the date, expected to be on or around 9 May 2016 but no later than 10 May 2016, on which the final Offer Price is to be fixed for the purpose of the Share Offer
“Prime Securities”	Prime Securities Limited, a corporation licensed to carry out type 1 (dealing in securities) regulated activity under the SFO and one of the Joint Bookrunners and Joint Lead Managers
“Public Offer”	the offer of the Public Offer Shares for subscription by the public in Hong Kong for cash at the Offer Price, payable in full on application, on the terms and subject to the conditions described in this prospectus and the Application Forms
“Public Offer Shares”	the 4,600,000 new Shares (subject to adjustment as described in the section headed “Structure of the Share Offer” in this prospectus) being offered by us for subscription under the Public Offer
“Public Offer Underwriters”	the underwriters of the Public Offer whose names are set out in the section headed “Underwriting” in this prospectus
“Public Offer Underwriting Agreement”	the underwriting agreement dated 29 April 2016 relating to the Public Offer entered into by our Controlling Shareholders, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Public Offer Underwriters and our Company

DEFINITIONS

“Regulation S”	Regulations S under the U.S. Securities Act
“Remuneration Committee”	the remuneration committee of our Board
“Reorganisation”	the reorganisation arrangements we have undergone in preparation for the Listing which are more particularly described in the section headed “History, Development and Reorganisation” in this prospectus
“Reorganisation Agreement”	the share sale and purchase agreement dated 13 November 2015 entered into among Mr Samson Fung, Mr David Fung, HSSP, Hang Sang (Siu Po) Holding and our Company in relation to the Reorganisation
“Repurchase Mandate”	the general unconditional mandate to repurchase Shares given to our Directors by our Shareholders, particulars of which are set out in the section headed “Statutory and General Information – A. Further information about our Group – 4. Written resolutions of the sole Shareholder” in Appendix IV to this prospectus
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended, supplemented and/or otherwise modified from time to time)
“Share(s)”	ordinary share(s) in the share capital of our Company with a nominal value of HK\$0.01 each
“Share Offer”	the Public Offer and the Placing
“Share Option Scheme”	the share option scheme of our Company conditionally adopted on 26 April 2016, the principal terms of which are summarised in the section headed “Statutory and General Information – D. Share Option Scheme” in Appendix IV to this prospectus
“Shareholder(s)”	holder(s) of Share(s)
“sq.ft.”	square feet
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Track Record Period”	the period comprising the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015
“Underwriters”	the Public Offer Underwriters and the Placing Underwriters
“Underwriting Agreements”	the Public Offer Underwriting Agreement and the Placing Underwriting Agreement
“United States” or “U.S.”	the United States of America
“U.S. dollars” or “US\$”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	the United States Securities Act of 1933 (as amended from time to time, and the rules and regulations promulgated under it)
“VC Brokerage”	VC Brokerage Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO and one of the Joint Bookrunners and Joint Lead Managers
“VC Capital”	VC Capital Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO and one of the Joint Sponsors in respect of the Listing
“WHITE Application Form(s)”	the application form(s) to be completed in accordance with the instructions in the section headed “How to Apply for Public Offer Shares – A. Applications for Public Offer Shares – 3. Applying for Public Offer Shares” in this prospectus
“YELLOW Application Form(s)”	the application form(s) to be completed in accordance with the instructions in the section headed “How to Apply for Public Offer Shares – A. Applications for Public Offer Shares – 3. Applying for Public Offer Shares” in this prospectus
“%”	per cent.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Unless otherwise stated, all the numerical figures are rounded to one decimal place. Any discrepancy in any table between totals and sums of individual amounts listed in any table are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

GLOSSARY

This glossary contains explanations and definitions of certain terms used in this prospectus in connection with our Group and our business. These terms and their meanings used in this prospectus may not correspond to standard industry meaning or usage of these terms.

“CAGR”	compound annual growth rate
“cardboard”	primarily comprising kraftlinerboard and kraftliner paper
“computer-to-plate”	an imaging technology by which an image created by computer software is output directly to a printing plate
“die-cutting”	the process through which plastic or paper sheets are cut into pieces by “die” or “mould” according to users’ requirements through hydraulic or mechanical presses
“digital printing”	a technique of directly printing a digital-based image onto a printing medium, which eliminates many of the mechanical steps required for offset printing
“embossing”	a process through which three-dimensional images or designs are created on paper or other ductile materials, and is typically accomplished with a combination of heat and pressure on the paper
“four-colour process printing”	the printing of process colour by means of colour separations corresponding to the four process colours: cyan, magenta, yellow, and key (black). Combinations of overprinted dots of these four colours are what create the wide range of colours discernible to the human eye that can be reproduced
“G7”	an international standard for calibrating printing presses and proofing systems to a common visual neutral grayscale appearance
“G7 Master Qualification”	a recognition of excellence in printing which is granted to a facility proven capable of performing G7 by a certified G7 expert
“G7 methodology”	a methodology uses gray balance as the driving force for achieving visual similarity across all print processes
“hot stamping”	a process by which a heated metal die or colour pigments are stamped onto paper and other substrates

GLOSSARY

“impression”	one impression equals one press sheet passing once through a printing unit
“ISO”	acronym for a series of quality management and quality assurance standards published by the International Organisation for Standardisation, a non-governmental organisation based in Geneva, Switzerland, for assessing the quality systems of business organisations
“ISO 9001”	ISO standards for quality management which are primarily concerned with what an organisation does to ensure that its products conform to customer and applicable regulatory requirements and which set requirements for what an organisation must do to manage processes influencing product quality. ISO 9001 is a member of that family and ISO 9001:2008 provides a set of standardised requirements for a quality management system
“kraftlinerboard”	a high grade linerboard manufactured wholly or partially by kraft pulp
“offset printing”	a widely used printing technique where the inked image is transferred from a plate first to a rubber blanket, which then rolls and prints that image from the rubber blanket onto a piece of paper. Offset printing offers consistent high image quality for products and is relatively cost-effective for a large volume of print orders. Offset printing requires the use of printing plates
“post-press”	a term used in the printing industry for the processes and procedures that take place after the printing, which may include cutting, folding, assembling, UV spotting, embossing, varnishing and binding
“pre-press”	a term used in the printing industry for the processes and procedures that take place between the creation of a print layout and the final printing
“printing plate”	a plate used in printing processes which may be made of metal, plastic, rubber or other materials. The image is put on the printing plate through photomechanical, photochemical or laser processes
“printing process”	a process in which the image on the printing plate is printed on papers

GLOSSARY

“raw paper”	including kraftlinerboard, corrugated paper, white card paper and coated whiteboard paper, which is mostly made of waste paper
“ream”	a standard quantity of 500 sheets of the same size and quality of paper
“UV spotting”	the process by which varnish is to be applied to the selected areas of printed objects and the objects are then exposed to ultraviolet lights, in order to provide the printed object with a higher resistance to abrasion and to achieve highlighting effect
“varnishing”	the process used to prevent ink rub-off from printed materials and to produce a glossy or dull effect on printed materials

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that are not historical facts but relate to our Company's intentions, beliefs, expectations or predictions for future events and conditions which may not occur. Even though these statements have been made by our Directors after due and careful consideration and on bases and assumptions fair and reasonable at the time, they nevertheless involve known and unknown risks, uncertainties and other factors which may cause our Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Some of the risks are listed in the section headed "Risk Factors" and elsewhere in this prospectus. In some cases, you can identify these forward-looking statements by words such as "aim", "estimate", "anticipate", "believe", "continue", "could", "expect", "intend", "may", "might", "plan", "consider", "potential", "propose", "seek", "ought to", "should", "will", "would" or similar expressions, or their negatives. These forward-looking statements include, without limitation, statements relating to:

- our business and operating strategies and our various measures to implement such strategies;
- our plan of operations and business prospects;
- our planned use of proceeds;
- our operations, business and financial prospects, including development plans for our business and future cashflows;
- our Group's ability to maintain working relationships with the Garment Brand Companies;
- the future developments and competitive environment of our industry;
- general domestic or international economic trends and conditions and consumer spending;
- our dividend distribution plans and dividend policy;
- our financial condition;
- relationships with parties we contract and collaborate with to conduct our business;
- our ability to retain core team members and recruit qualified and experienced new team members;
- our ability to maintain an effective quality control system;
- the regulatory environment as well as the general outlook for our industry; and
- risks identified under the section headed "Risk Factors" in this prospectus.

FORWARD-LOOKING STATEMENTS

It is not guaranteed that the transactions and events described in the forward-looking statements in this prospectus will happen as described, or at all. Actual outcomes may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the risks and uncertainties set forth in the section headed “Risk Factors” in this prospectus. You should read this prospectus in its entirety and with the understanding that actual future results may be materially different from what our Company expects. The forward-looking statements made in this prospectus relate only to events as at the date on which the statements are made or, if obtained from third-party studies or reports, the dates of the respective studies or reports. Since our Group operates in an evolving environment where new risks and uncertainties may emerge from time to time, you should not rely upon forward-looking statements as predictions of future events. Our Company undertakes no obligation, beyond what is required by law to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made even when situation may have changed.

Subject to the requirements of the Listing Rules, applicable laws and regulations, our Company does not intend to publicly update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way our Company expects, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

RISK FACTORS

You should carefully consider all of the information in this prospectus including the risks and uncertainties described below before making an investment in our Shares. Our business, financial condition and results of operations may be materially and adversely affected by any of these risks and uncertainties. The trading price of our Shares could decline due to any of these risks, causing you to lose all or part of your investment.

A number of risks and uncertainties are inherent in our operations. We have categorised these risks and uncertainties into those relating to (1) our business, (2) the industry, and (3) the Shares and the Share Offer. Investors should carefully consider the following information in conjunction with the other information contained in this prospectus.

RISKS RELATING TO OUR BUSINESS

We have not entered into long-term contracts with our customers and it is difficult for us to forecast future order quantities.

We have not entered into long-term contracts with our customers, which from time to time place purchase orders with us. Hence, the volume of purchase orders from our customers may vary from time to time. It is difficult for us to forecast future order quantities and our results of operations may fluctuate significantly in the future.

Our success depends on our customers' continual placing purchase orders with us and our ability to develop new customers. There is no assurance that our customers will continue to place purchase orders with us at the same level or on similar terms which they have historically done so, or at all, in the future, or we will be able to develop new customers. If our customers cease to place purchase orders with us or reduce the size of the purchase orders, or we are unable to develop new customers, our results of operations may be materially and adversely affected.

We rely on demand from designated garment manufacturers of the Garment Brand Companies and our revenue may be materially and adversely affected if demand from them decreases in the future.

Our products were mainly sold to garment manufacturers and garment related accessories trading companies, ultimately for the use as labels on or packaging materials for finished garments of the Garment Brand Companies.

Revenue generated from the sale of products aiming to be ultimately used as labels on or packaging materials for finished garments of the Garment Brand Companies amounted to approximately HK\$116.4 million, HK\$120.0 million, HK\$125.1 million and HK\$41.4 million, respectively, representing approximately 97.3%, 95.1%, 94.0% and 93.4% of the total revenue of our Group, respectively, for the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015.

Our Directors anticipate that the demand for our apparel labels and packaging printing products sourced by our customers for ultimate use as labels on or packaging materials for finished garments of these Garment Brand Companies will continue to represent a significant portion of our revenue in the near future. In addition, our Directors understand that these

RISK FACTORS

Garment Brand Companies have not entered into long-term contracts with our customers. If there is any adverse change in the political, economic or social conditions, foreign trade or monetary policies, or legal or regulatory requirements or taxation or tariff regime in the United States or any other jurisdictions in which these Garment Brand Companies operate, or these Garment Brand Companies do not place purchase orders with our customers at the same level or on similar terms which they have historically done so, or at all, in the future, (such as the Garment Brand Companies decreasing the demand for garment/apparel products due to economic downturn, and the Garment Brand Companies developing or expanding its own manufacturing bases for producing garment/apparel products they currently sourced from our customers and/or other reasons) or our products are no longer used by these Garment Brand Companies for their products, our business, financial condition and results of operations may be materially and adversely affected.

We have three marketing services consultants located in the United States, South Korea and India, respectively, and have entered into a marketing services agreement with each of them. Our business, financial condition and results of operations may be materially and adversely affected by the performance of, or disruption in the provision of services from, our marketing services consultants.

We have three marketing services consultants located in the United States, South Korea and India, respectively. Our marketing services consultant in the United States, among other things, promotes and markets our apparel labels and packaging printing products and printing services in the United States, seeks orders for our products in the United States, cultivates and maintains good relations with our existing customers, the garment brand companies and potential customers in the United States, and handles any complaint or after-sales enquiry. Our marketing services consultant in South Korea is responsible for sourcing invoices from the existing customers of our Group in South Korea and deals with customer service matters of our Group in South Korea. Our marketing services consultant in India is responsible for communication and liaising with local garment factories in relation to our products in India. Details of their services are set out in the paragraph headed “Sales and marketing – Our marketing services consultants” in the section of “Business” of this prospectus.

Although we have entered into a marketing services agreement with each of them (the main terms of which are summarised in the paragraph headed “Commercial arrangements – (III) Main terms of the agreements between our Group and our marketing services consultants” in this prospectus), the marketing services agreement may be terminated by giving a 30 days’ written notice at any time by our Group or the relevant marketing services consultant. In addition, the services under the marketing services agreements are not exclusive and, therefore, there are no prohibitions for the marketing services consultants to provide similar services to other third parties including our competitors.

As at the Latest Practicable Date, our Directors are not aware of any of the marketing services consultants that is representing our competitors. However, if, in the future, any of the marketing services consultants of our Group also represents our Group’s competitors and provide(s) them with similar marketing services or if any of the them develops its own

RISK FACTORS

trading business of, or manufacturing bases for producing, apparel label or packaging products, interest of our Group may be adversely affected when the relevant marketing services consultants prioritise the provision of their marketing services.

If our marketing services consultants do not perform satisfactorily, decide to substantially reduce the provision of their services to us, require the amount of marketing services fees or commission payable to them to be increased, terminate their business relationships with us, represent any of our competitors or develop their own trading business of, or manufacturing bases for producing, apparel label or packaging products, our business, financial condition and results of operations may be materially and adversely affected.

We are exposed to credit risk of our customers. Any significant delay or defaults in payments by our customers may materially and adversely affect our financial position and results of operations.

Our Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when our Group has significant exposure to individual customers.

During the Track Record Period, our Group's credit terms granted to customers generally ranged from 0 to 2 months. Trade receivables (after deducting allowance for relevant doubtful debts) of our Group amounted to approximately HK\$16.4 million, HK\$12.3 million, HK\$10.7 million and HK\$16.5 million as at 30 June 2013, 2014 and 2015 and 31 October 2015, respectively. The trade receivables (after deducting allowance for relevant doubtful debts) turnover days are approximately 50 days, 36 days, 29 days and 46 days for each of the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015, respectively. The trade receivables turnover day was relatively long for the four months ended 31 October 2015 mainly because of the delay of settlements from customers. Up to 30 November 2015, approximately 55.7% of trade receivables as at 31 October 2015 had been settled; and up to the Latest Practicable Date, approximately 97.4% of such trade receivables had been settled. As at 30 June 2013, 2014 and 2015 and 31 October 2015, approximately 20.8%, 14.8%, 15.2% and 28.1% of the total trade and other receivables were due from our Group's five largest customers, respectively. The financial position, profitability and cash flow of our Group depend on whether customers will be able to settle the outstanding balances owed to our Group in a timely manner. If there is any delay or defaults in payments by the customers, the financial position, profitability and cash flow of our Group may be materially and adversely affected.

We depend on third party suppliers of raw materials, and we may not be able to secure a stable supply of raw materials with acceptable quality or on acceptable terms.

The success of our business depends on our ability to obtain sufficient quantities of quality raw materials, such as paper, and ink and chemical components, on commercially acceptable terms and in a timely manner.

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For each of the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015, our purchases from our five largest suppliers, in aggregate, amounted to approximately 55.7%, 45.2%, 45.6% and 50.8% of our total purchases of materials and services (including subcontracting services) from our suppliers, respectively. We have not entered into long-term supply contracts with our suppliers. If any of our suppliers fails to deliver raw materials to us in accordance with our production schedule or if we fail to identify alternative sources of quality raw materials when needed, at acceptable prices or with the required quantity and quality, or at all, the resulting loss of production volume may materially and adversely affect our ability to deliver products to our customers in a timely manner, or at all, and may materially and adversely affect our business, financial condition and results of operations.

Increases in the prices of raw materials may materially and adversely affect our business, financial condition and results of operations.

The key raw materials used in the production of our products are paper, and ink and chemical components. We set out below our approximate purchase amount of paper, and ink and chemical components and their respective approximate percentage to our total purchases of materials and services (including subcontracting services) from our suppliers during the Track Record Period.

	Year ended 30 June						Four months ended 31 October 2015	
	2013		2014		2015			
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Paper	19,384	40.6	18,591	40.3	17,266	34.8	5,884	39.2
Ink and chemical components	1,762	3.7	1,956	4.2	1,861	3.7	550	3.7

During the Track Record Period, the average purchase price of paper, and ink and chemical components is set out below:

	Year ended 30 June			Four months ended 31 October
	2013	2014	2015	2015
	HK\$	HK\$	HK\$	HK\$
Paper (per ream)	1,932	1,642	1,676	1,524
Ink and chemical components (per kg)	120	75	62	63

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Please refer to the paragraph headed “Procurement and inventory control” under the “Business” section of this prospectus for the explanation on the relatively large decrease in average purchase price of paper, and ink and chemical components respectively from the year ended 30 June 2013 to the year ended 30 June 2014 and the decrease in the average purchase price of paper for the four months ended 31 October 2015.

We have not adopted any hedging policy for forward purchase of paper, and ink and chemical components. The price of these raw materials is affected by a number of factors beyond our control, such as the global demand and supply of wood pulp, oil price, general economic condition, and environmental and conservation related regulations. If the price of our raw material supplies substantially increases, we may incur additional costs to acquire sufficient quantity of these materials to meet our production needs. We may not be able to pass on these additional costs to our customers. For sensitivity analysis on cost fluctuation of our raw materials, please refer to the paragraphs headed “Sensitivity analysis on cost of raw materials” under “Procurement and inventory control” of the “Business” section of this prospectus.

We rely on external subcontractors. Failure of such subcontractors to provide services to us or to meet our requirements may disrupt our business operation which may materially and adversely affect our reputation, financial condition and results of operations.

During the Track Record Period, we engaged external subcontractors for the production of certain products, such as woven labels, plastic packaging bags and heat transfer labels, and the provision of printing finishing services, such as certain die-cutting processes, hot stamping, grommeting, paper lamination and hangtag or label stringing. For each of the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015, the total amount paid to these subcontractors accounted for approximately 28.9%, 26.4%, 29.7% and 26.2%, respectively, of our cost of sales.

We have not entered into long-term production or processing contracts with these subcontractors. If any of our subcontractors fails to provide subcontracting services to us, or if we fail to identify alternative subcontractors in a timely manner, at acceptable prices or with the required production or processing quality, our business may be disrupted and our reputation, financial condition and results of operations may be materially and adversely affected.

In addition, we are not able to monitor or manage our subcontractors directly. If our subcontractors have not obtained all the licences, permits and approvals necessary for their operations or do not comply with the relevant laws and regulations applicable to them, thereby ceasing to operate their production or processing businesses, or fail to meet our production or delivery schedule or our required quality standards and specifications, our reputation, financial condition and results of operations may be materially and adversely affected.

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The properties in which we carry out our operations are all leased properties. We are exposed to the risks associated with the real estate rental market.

All the properties occupied by us for our operations, such as our offices, production facilities and warehouses are leased from an Independent Third Party. For each of the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015, our annual rental expenses of our offices, production facilities and warehouses amounted to approximately HK\$4.8 million, HK\$5.0 million, HK\$5.3 million and HK\$1.8 million, respectively. Apart from these leased properties, we also paid rental for directors' quarters. Please refer to the paragraph headed "Fully exempt continuing connected transactions" of the "Connected Transactions" section of this prospectus for details.

The leases of our offices, production facilities and warehouses are mainly for a term of two years from 1 July 2014, expiring on 30 June 2016 (except for the lease for a warehouse unit which is for a term from 15 September 2014 to 14 July 2016). The leases are not subject to an option to renew. Hence, there is no assurance that the rental expenses for our leased properties will not increase significantly, or we will be able to renew the tenancy agreements on commercially acceptable terms, or at all. In addition, there is no assurance that the tenancy agreements will not be terminated before their expiration. Termination of our leases may occur beyond our control, such as breaches of the tenancy agreements by the landlord. If any of these events occurs, we may need to relocate to alternative properties. Relocations of any of our leased properties may cause disruptions to our operations and require significant expenditure. In addition, we may not be able to relocate to alternative properties with comparable lease terms at a comparable location. As a result, our business, financial condition and results of operations may be materially and adversely affected. Any significant increase in rental expenses or our incurring relocation expenditure may materially and adversely affect our operating cash flows.

We may not be able to continue to use certain leased properties.

We have been using the leased properties at Flats B, C and D, 5/F, Gee Hing Chang Industrial Building, No. 16 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong as offices. The terms of the relevant tenancy agreement stipulate that the use of the properties is for industrial purposes. The use of the properties as offices constitutes a breach of the relevant tenancy agreement but not a breach to the conditions of sale of the building at which the properties are located since the conditions of sale of the building allow the building to be used for industrial or godown purposes or both, or as factories or warehouses or both and ancillary offices.

The landlord is entitled to terminate the tenancy under the relevant tenancy agreements. If we are unable to obtain permission from the landlord for the change of the use, we may not be able to continue our use of these properties. None of the properties in question relates to our production facilities. Our Directors estimate that the relocation costs for our offices (excluding additional rental expense that may incur, if any) will be around HK\$1.7 million. Our Controlling Shareholders have agreed to indemnify us for any losses or liabilities which might be incurred by our Group members in connection with the relocation to an alternative location. However, if no alternative suitable location is available to us and should the relocation is necessary, our operations may be interrupted.

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Disruptions, damage or destruction to our production facilities, equipment and machinery or other leased properties may materially and adversely affect our business, financial condition and results of operations.

The success of our business depends on, among other things, the continual operations of our production facilities located at Gee Hing Chang Industrial Building, No. 16 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong, at which our only production facilities are located. The operations of our production facilities and other leased properties, which are located at the same building, may be affected by fire, flood or power failure at our leased properties or the other units of the same building at which we are located, breakdown of equipment and machinery at our production facilities, or scheduled maintenance of our equipment and machinery. The occurrence of any unanticipated or prolonged disruptions, damage or destruction to our production facilities, equipment and machinery or other leased properties may affect our ability to produce and deliver products to our customers in a timely manner, or at all, and, as a result, our business, financial condition and results of operations may be materially and adversely affected.

Our financial results may be materially and adversely affected by the additional depreciation charges of a new printing machine which we intend to buy.

We plan to buy one new six-colour offset printing machine in the year 2016, financed by the use of a portion of the proceeds from the Share Offer. Currently, our estimated budget for the purchase is approximately HK\$13.0 million. According to our accounting policy, the capital expenditures in connection with the new six-colour offset printing machine will be depreciated over an estimated life of 10 years as soon as such printing machine has been put into operation. As we expect that the new six-colour offset printing machine will be in operation in the second half of the year 2016, additional depreciation charges on the relevant capital expenditures for the year ending 30 June 2017 is expected to be incurred.

Production capacity of our newly acquired printing machine may not be fully utilised or utilised as we have planned.

To meet the increasing demand including quality and production lead time of our apparel labels and packaging printing products from garment manufacturers, we intend to buy a new six-colour offset printing machine in the year 2016 which will be financed by the use of a portion of the proceeds from the Share Offer. We cannot assure that we will be able to utilise the additional production capacity fully after our new printing machine commences operation. Any failure to do so will result in our Group incurring expenses, and perhaps losses, without significant increase in its revenue.

We are subject to the risk of system failure caused by unexpected network interruptions, security breaches, attack by hackers or computer virus, and business interruption due to natural or man-made disasters.

Our business operation may be affected by any failure of our information technology infrastructure, such as our ERP system which computerises and integrates our key operation functions and our computer system through which we can monitor various processes in our

RISK FACTORS

business operations including product planning, manufacturing or service delivery, marketing and sales, inventory management, shipping and payment. However, there is no assurance that we will successfully maintain the satisfactory performance, reliability, security and availability of our information technology infrastructure. Such failure may be caused by unexpected network interruptions, security breaches, attacks by hackers or computer viruses.

Further, our operation may also be interrupted if any of our information technology infrastructure suspends operations due to the occurrence of events such as fires, floods, hardware and software failures, power failures, telecommunication failures, terrorist attacks or other natural or man-made disasters.

If any of the events mentioned above occurs, our business operation may be disrupted for an indefinite period of time, thereby damaging our business and reputation, and materially and adversely affecting our financial condition and results of operations.

The success of our plan on research and development of the know-how of the application of heat transfer technology depends significantly on our ability to attract and retain R&D personnel.

We believe that our ability to attract and retain R&D personnel with the experience and knowledge in the development of the application of heat transfer technology is significant to the success of our plan to research and develop our own know-how of the application of heat transfer technology. If there is a shortage of such personnel in the labour market in Hong Kong, we may need to offer remuneration and other benefits above market rate in order to attract and retain such personnel in the future. If we are unable to attract and retain suitable personnel as mentioned above, our business plan on research and development of the know-how of the application of heat transfer technology may not be successful or implemented at all.

New technologies introduced in the production of apparel labels and packaging materials may have adverse impact on our Group's business.

If new technology, for example RFID (radio frequency identification) technology for apparel tags, is introduced to the production of apparel labels and packaging materials and relevant products have been popular and widely used in the apparel market, and we do not keep up with the new technology in a timely manner, our Group may suffer loss in orders from customers which in turn will adversely affect our business performance and profitability.

We may be subject to claims in connection with industrial accidents at our production facilities including employees' compensation claims, common law personal injury claims and/or administrative penalty, and our insurance coverage may not adequately protect us against certain risk.

Due to the nature of our operations, we are subject to the risks of our employees being exposed to industrial-related accidents at our premises. Please also refer to the paragraph headed "Health and work safety" under "Environmental protection, health and work safety" of the "Business" section of this prospectus.

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We cannot assure that industrial accidents, whether due to malfunctions of machinery or other reasons, will not occur in the future at our premises and that any compensation to be paid by us will be fully covered by our insurance policy, or at all. Under such circumstances, we may be subject to employees' compensation claims, common law personal injury claims and/or administrative penalty, and if we are found to be liable and a substantial amount of damages was awarded by the court against us or substantial amount of penalty is imposed by the governmental authority on us and the insurance coverage maintained by us is not able to cover such payment, we may have to pay out of our own resources for any uninsured loss, damages and liabilities, and, our business, reputation, financial condition and results of operations may be materially and adversely affected.

We have previous incidents of non-compliance with the laws and regulations and any enforcement action against us or our Directors or the management members of any of our Group may materially and adversely affect our business, reputation, financial condition and results of operations.

During the Track Record Period and as at the Latest Practicable Date, we had inadvertently contravened (i) the Predecessor Companies Ordinance, (ii) the Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong), (iii) the Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong) and (iv) the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong). Please refer to the section headed "Business – Regulatory compliance – Major non-compliance matters of our Group during the Track Record Period and as at the Latest Practicable Date" in this prospectus for further details of these incidents, possible legal consequences, maximum financial impacts and the rectification actions taken by us. If any of the government agencies takes enforcement action against us for these non-compliance incidents, we may be ordered to pay fines and/or other penalties, incur legal costs arising from any successful legal action against us or our Directors or the management members of our Group and may result in business disruption and/or negative media coverage, which may materially and adversely affect our business, reputation, financial condition and results of operations.

Our success depends on our ability to attract, retain and motivate our senior management team and other staff members.

The talent, experience and leadership of our key executives and senior management team are critical to the success of our business. In particular, one of our co-founders and executive Directors, Mr Samson Fung has been pivotal to our success and we rely heavily on his continual service. In addition, other members of our senior management team also have substantial experience and expertise in our business and have made significant contributions to our growth and success. For details of the background and experience of our executive Directors and senior management, please refer to the section headed "Directors, Senior Management and Employees" in this prospectus. There is no assurance that these key executives and members of senior management will not voluntarily terminate their employment with us. Consequently, we may not be able to easily or quickly replace lost personnel and we may incur additional expenses to recruit, train and retain new hires. The unexpected loss of service of one or more of these individuals without a timely and suitable replacement may have a material adverse effect on our operations and prospects.

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Moreover, if any of our executive officers or key employees joins a competitor or forms a competing company, we may lose consumers, suppliers, know-how and key professionals and staff members.

Our production processes involve substantial amount of labour force. While we had not experienced any significant labour shortage during the Track Record Period, there is no assurance that we will not face such a problem in the future. For each of the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015, direct labour cost accounted for approximately 22.4%, 23.6%, 21.4% and 27.6%, respectively, of our cost of sales. In the future, direct labour cost may increase due to competition for skilled labour and any new legislation in Hong Kong which increases the minimum wages or employers' obligations to pay employee benefits and welfare. Any significant increases in labour costs and our failure to pass on the increased costs to our customers may have a material adverse effect on our business, financial condition and results of operations.

Our raw materials may become obsolete.

Ink, one of our key raw materials, may not be suitable for use for quality purposes after approximately three years from the date of delivery to us, or may be specific for the production of a particular product or certain products and may not be used for the production of other products. Generally speaking, we do not maintain significant quantities of such raw material. We may not be able to order an optimal level of such raw material for production. Any over-stocking of such raw material or our inability to use such raw material due to no repeated order or other reasons may increase our inventory holding costs. We may subsequently incur provisions as a result of obsolete raw materials.

Our inventory balance was approximately HK\$2.6 million, HK\$3.2 million, HK\$3.3 million and HK\$4.7 million as at 30 June 2013, 30 June 2014, 30 June 2015 and 31 October 2015, respectively, accounted for approximately 4.6%, 4.8%, 4.2% and 6.2% of our total assets as at the same dates. Inventories consist of (i) raw materials which were mainly paper, and ink and chemical components; (ii) work in progress which was mainly mixed ink and basesheet, and (iii) finished goods which were products ready for sale. For the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015, our inventory turnover days were approximately 13, 16, 16 and 25 days, respectively. Please refer to the paragraph headed "Inventories" of "Major components in net current assets" under "Liquidity, financial and capital resources" of the "Financial Information" section of this prospectus for the reason of relatively long inventory turnover days for the four months ended 31 October 2015. For the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015, write-down of inventories of approximately HK\$0.2 million, HK\$0.7 million, HK\$0.6 million and HK\$0.2 million, respectively, have been provided mainly related to finished goods and raw materials which estimated net realisable value is below costs of such inventories.

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We may be subject to product liability claims if the use of our products has resulted in bodily injuries, property damage or other losses to our customers or the consumers of our customers' end-products.

We may face product liability claims from our customers or the consumers of our customers' end-products on the grounds that the use of our products has resulted in their bodily injuries, property damage or other losses. The occurrence of such problems may result in recalls of our products and significant damage to our reputation. We cannot assure you that such incidents will not occur in the future. We may incur legal liabilities and have to compensate consumers or customers for any loss or damage they suffer in respect of valid product liability claims. We may also have to spend significant resources and time to defend ourselves if legal proceedings for product liability are instituted against us. In addition, adverse publicity from these types of concerns, whether valid or not, may discourage customers from purchasing our products. If customers lose confidence in our products, we may experience long-term declines in our sales, which may have a material adverse effect on our business, financial condition and results of operations.

We may not have insurance coverage that is adequate to cover potential liabilities or losses.

As at the Latest Practicable Date, we maintained insurance policies to protect us against bodily injury and property damage claims, property all risks insurance for our inventories, property, plant and equipment, employees' compensation insurance and medical insurance for our employees. We or our Directors or senior management may be exposed to claims for which no insurance policies have been maintained by us. In addition, although we maintain insurance on our machines, inventories and motor vehicles, there may be circumstances for which we would not be covered adequately, or at all. If we incur substantial losses or liabilities and our insurance coverage is unavailable or inadequate to cover such losses or liabilities, our business, financial condition and results of operations may be materially and adversely affected.

Our operations and our production facilities are in Hong Kong and our revenue was largely generated in Hong Kong. Our business is susceptible to any material deterioration in the economic, political and regulatory environment in Hong Kong.

Our operations and our production facilities are in Hong Kong. A large portion of our sales was generated in Hong Kong during the Track Record Period. We expect that Hong Kong will continue to be our place of operations. Accordingly, if Hong Kong experiences any adverse economic, political or regulatory conditions due to events beyond our control, such as local economic downturn, natural disasters, contagious disease outbreaks, terrorist attacks, or if the government adopts regulations that place restrictions or burdens on us or on our industry in general, our business, financial condition, results of operations and prospects may be materially and adversely affected. In addition, we do not have business presence in overseas jurisdictions, and may have difficulties in relocating our entire business operations to other geographic markets if there is any material deterioration in the economic, political and regulatory environment in Hong Kong.

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Possible impact of certain non-recurring expenses to the financial performance of our Group

Notwithstanding the financial performance of our Group for the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015 mentioned in this prospectus, our Group's financial results will be affected by non-recurring expenses in relation to the Listing. The estimated Listing expenses in relation to the Listing are approximately HK\$26.5 million (based on the Offer Price of HK\$1.23, being the midpoint of the indicative Offer Price range of HK\$1.10 to HK\$1.36 per Offer Share), of which approximately HK\$6.6 million is directly attributable to the issue of Offer Shares under the Share Offer and is expected to be accounted for as a deduction from equity. The remaining Listing expenses of approximately HK\$19.9 million are expected to be charged to the statement of profit or loss and other comprehensive income of our Group for the year ending 30 June 2016. Expenses in relation to the Listing are non-recurring and were not incurred during the Track Record Period. Accordingly, our Board wishes to inform our Shareholders and potential investors that our Group's financial results for the year ending 30 June 2016 will be affected by the estimated expenses in relation to the Listing.

We may not be able to maintain our profit margin in the future.

We achieved gross profit margin of approximately 39.9%, 42.7%, 42.7% and 47.4%, respectively, for each of the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015. For the same period, our net profit margin was approximately 16.6%, 18.4%, 20.6% and 10.0%, respectively. Please refer to the paragraph headed "Profit and total comprehensive income for the year/period" under "Principal income statement components" under the "Financial Information" section of this prospectus for the reasons of the fluctuations of our net profit margin. As our profitability is dependent on, among other factors, the market competition and the market demands for our customers' products, there is no assurance that we will be able to maintain such gross profit margin or net profit margin in the future at a similar level as that in the Track Record Period.

Our historical financial information may not necessarily reflect our performance in the future.

For each of the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015, our total revenue amounted to approximately HK\$119.6 million, HK\$126.3 million, HK\$133.1 million and HK\$44.4 million, respectively, with gross profit amounted to approximately HK\$47.7 million, HK\$54.0 million, HK\$56.8 million and HK\$21.0 million, respectively. However, such historical financial information is merely an analysis of our past performance, it does not reflect the performance of our business in the future, nor does it have any positive implication. Instead of our historical financial information, the future performance of our business depends on our capabilities to secure new business opportunities and keeping our costs at a minimum, and other factors which may be beyond our control.

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We may not be able to successfully implement our future expansion plans in time, or achieve the anticipated results.

Details of our objective, strategies and future plans are set out under the sections headed “Business – Business strategies” and “Future plans and use of proceeds” in this prospectus. The successful implementation of our business plans depends on a number of factors, such as the continual growth of the market for apparel labels and packaging printing products, customers’ demands, competitive landscape, and developments in the political, economic or social conditions in Hong Kong, the United States or other markets in which our customers (which are mainly garment manufacturers and/or garment related accessories trading companies) or their customers operate. All of these factors are beyond our control. Our future expansion plans are based on circumstances currently known to our executive Directors and certain assumptions. There is no assurance that we will be able to implement our business plans as scheduled nor that any such plans will be as successful as contemplated by us. Any failure or delay in achieving any or all of our business plans may have a material adverse effect on our business, financial condition, results of operations and prospects.

We may need additional capital to fund the expansion plan and growth in the future, which we may not be able to obtain on acceptable terms, or at all.

We may need additional capital to fund our capital expenditure associated with our expansion plan such as the proposed acquisition of a new six-colour offset printing machine, the setting up of a laboratory and an expertise team for research and development of the know-how of the application of heat transfer technology, the expansion of our sales team and the expansion and/or upgrade of production facilities or development of potential projects through acquisition or cooperation. There is no assurance that we will generate sufficient cash flow from our operating activities for our intended expansion plan. If we do not have sufficient operating cash flow for our intended expansion plan, we will need to obtain alternative financing. There is no assurance that we will be able to obtain adequate financing on acceptable terms, or at all. Our ability to obtain additional capital on acceptable terms will be subject to a variety of uncertainties, including:

- investor perceptions of and appetite for securities of companies engaged in the apparel label and packaging product printing industry;
- conditions in the capital and financial markets in which we may seek to raise funds;
- our future cash flows, financial condition and results of operations; and
- economic, political and other conditions in Hong Kong and the rest of the world.

We may be required to scale down our planned capital expenditures, which may materially and adversely affect our ability to achieve economies of scale and implement our planned growth strategy. If we raise additional funding, we will incur interest and debt repayment obligations. The terms of any future debt facilities may also impose restrictive covenants that may restrict our business and operations or result in dilution of shareholding

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of our Shareholders in the case of equity financing. Our inability to raise additional funds in a timely manner and on terms favourable to us, or at all, may have a material adverse effect on our business, financial condition, results of operations and prospects.

RISKS RELATING TO THE INDUSTRY

We face intense competition in the apparel label and packaging product printing industry in Hong Kong and other countries in Asia.

There is no specific market entry barrier for the apparel label and packaging product printing business which our Group is engaged in and on the whole it is also not subject to any major restrictions for market entry. Market players in the apparel label and packaging printing sector face global competition. According to the EY Advisory Report, brand companies around the globe are decreasing the number of tag and label vendors as they prefer a “one-stop shop” experience, which allows them to purchase labels, and obtain flexible packaging and folding cartons from one source. Competition may affect our Group’s sales and the price of products, which will, in turn, affect the profitability of the business. As such, our Group is expected to face competition from existing and new players in the apparel label and packaging product printing industry in Hong Kong and other countries in Asia, which may have stronger financial resources and larger in size in the industry and/or can offer flexible packaging and folding cartons.

Competition from existing and new players may exert pressure on the price of our Group’s products. The success of our Group depends on its ability to compete effectively against these competitors in terms of product quality, customer service, pricing, our ability to implement production schedules flexibly that meet customer needs, and technical development expertise. There is no assurance that our Group will continue to compete successfully in the future, and if our Group fails to do so, its business, financial condition and results of operations would be materially and adversely affected.

If we fail to keep up with the pace of technological developments in the apparel label and packaging product printing industry, we may lose our competitiveness.

Constant refinements to offset printing presses and related machinery and the introduction of new technologies are continually improving the quality, productivity, safety, speed, reliability and energy efficiency within the apparel label and packaging product printing industry. The ability to print faster and more cost effectively offers apparel label and packaging product printing manufacturers a competitive edge. Technological improvements and increases in the level of automation, not only in the printing production process but also in the pre- and post-printing production stages, offer users cost savings on raw materials, time and labour, and reduce human error while enhancing product quality. During the Track Record Period, our Group has invested in a German brand six-colour offset printing machine, which has relatively short make-ready time as well as consistently high production speed. This enables us to produce products as efficiently and economically as possible. However, if our Group is not able to upgrade our technologies to meet customers’ demands, our business, competitiveness, financial condition and results of operations may be materially and adversely affected.

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We may be materially and adversely affected by the demand of environmental groups on excessive printing and packaging materials.

Recently, environmental groups have demanded corporations to reduce the use of printing and packaging materials. If corporations respond proactively to such a request and reduce the use of printing and packaging materials, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Natural disasters, acts of war, political unrest and epidemics, which are beyond our control, may cause damage, loss or disruption to our business.

Natural disasters, acts of war, political unrest and epidemics, which are beyond our control, may materially and adversely affect the economy, infrastructure and livelihood of the people of Hong Kong. Certain districts in Hong Kong may be susceptible to floods. Our business, financial condition, results of operations and prospects may be materially and adversely affected if such natural disasters occur in places where we operate or where our products are sold, whether directly or indirectly. Political unrest, acts of war and terrorist attacks may cause damage or disruption to us, our employees, our sub-contractors, our garment manufacturing customers, garment brand companies using our products and our markets, any of which may materially and adversely affect our sales, cost of sales, overall results of operations and financial condition. The potential for war or terrorist attacks may also cause uncertainty and cause our business to suffer in ways that we cannot currently predict. In addition, certain Asian countries, including the PRC and one of its special administrative regions, Hong Kong, have encountered epidemics, such as SARS or incidents of the avian flu. Past occurrences of epidemics have caused different degrees of damage to the economies in Hong Kong or the countries in which our business partners or customers operate. A recurrence of an outbreak of SARS, avian flu or any other similar epidemic such as the H1N1 flu (swine flu) could cause a slowdown in the levels of economic activity generally, which, in turn, may materially and adversely affect our results of operations and the price of our Shares.

RISKS RELATING TO THE SHARES AND THE SHARE OFFER

There has been no prior public market for our Shares and their liquidity and market price may be volatile.

Prior to the Share Offer, there was no public market for our Shares. The initial Offer Price range for our Shares was the result of negotiations among us and the Joint Lead Managers (on behalf of the Underwriters), and the Offer Price may differ significantly from the market price for our Shares following the Share Offer. We have applied for the listing of, and permission to deal in, our Shares on the Stock Exchange. A listing on the Stock Exchange, however, does not guarantee that an active trading market for our Shares will develop or, if it does develop, will be sustained following the Share Offer or that the market price of our Shares will not decline following the Share Offer. In addition, there can be no assurance that the Share Offer will result in the development of an active and liquid public trading market for our Shares. Furthermore, the price and trading volume of our Shares may be volatile. There are many factors which may affect the volume and price at which our Shares will trade.

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Purchasers of Shares will experience dilution if we issue additional Shares in the future.

We may issue additional Shares or equity-related securities in the future to raise additional funds, finance acquisitions or for other purposes. If we issue additional Shares or equity-related securities in the future, the percentage ownership of our existing Shareholders may be diluted. In addition, such new securities may have preferred rights, options or pre-emptive rights that make them more valuable than or senior to the Shares.

There may be a dilutive effect on the earnings per Share associated with the Share Option Scheme and an impact on future earnings.

We conditionally adopted the Share Option Scheme under which options to acquire Shares may be granted after completion of the Share Offer. Details of the Share Option Scheme are set out in the section headed “Statutory and General Information – D. Share Option Scheme” in Appendix IV to this prospectus.

The issue of Shares upon the exercise of any options which may be granted under the Share Option Scheme will result in an increase in the number of Shares in issue and may result in the dilution of the percentage of ownership of our Shareholders, the earnings per Share and net asset value per Share.

Our Controlling Shareholders have substantial influence over us and our Controlling Shareholders’ interests may not be aligned with the interests of our other Shareholders.

Immediately after the completion of Share Offer, Mr Samson Fung and Mr David Fung will, through HSSP (which is 62% owned by Mr Samson Fung and 38% owned by Mr David Fung), indirectly control 75.0% of the enlarged issued share capital of our Company. As such, our Controlling Shareholders will have substantial influence over our business, including decisions regarding mergers, consolidations and the sale of all or substantially all of our assets, election of Directors and other significant corporate actions. This concentration of ownership may discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for their Shares in a sale of our Company or may reduce the market price of our Shares. These actions may be taken even if they are opposed by our other Shareholders, including those who purchased Shares in the Share Offer. In addition, the interests of our Controlling Shareholders may differ from the interests of our other Shareholders.

Since there will be a gap of several days between pricing and trading of our Offer Shares, the price of our Offer Shares may fall below the Offer Price when the trading commences.

The Offer Price of our Shares is expected to be determined on the Price Determination Date. However, our Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be the seventh Hong Kong business day after the Price Determination Date. As a result, investors may not be able to sell or deal in our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price

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of our Shares could fall below the Offer Price when the trading commences as a result of adverse market conditions or other adverse developments that may occur between the time of sale and the time trading begins.

You may not have the same protection of your Shareholder rights under Cayman law comparing to what you would have under Hong Kong law.

Our corporate affairs are governed by our Memorandum of Association and Articles, the Cayman Companies Law, and the common law of the Cayman Islands. The rights of Shareholders to take action against the Directors, the rights of minority Shareholders to institute actions and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law. Decisions of the superior courts of England constitute persuasive authority in the Cayman Islands courts. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ from those under statutes and judicial precedent in existence in Hong Kong and other jurisdictions. Such differences may mean that the remedies available to our minority Shareholders may be different from those they would have under the laws of Hong Kong or other jurisdictions. Please refer to the section headed “Summary of the Constitution of our Company and Cayman Islands Company Law – 3. Cayman Islands Company Law” in Appendix III to this prospectus for further information.

There can be no assurance if and when we will pay dividends in the future.

Distribution of dividends shall be formulated by our Board at their discretion and, for final dividends, will be subject to Shareholders’ approval. A decision to declare or to pay any dividends and the amount of any dividends will depend on various factors, including but not limited to our results of operations, financial condition, cash flows, working capital, operating and capital expenditure requirements, distributable profits as determined under HKFRSs, our Articles of Association, market conditions, our strategic plans and prospects for business development, contractual limits and obligations, payment of dividends to us by our operating subsidiaries, taxation, and any other factors determined by our Board from time to time to be relevant to the declaration or suspension of dividend payments. For each of the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015, interim dividends of HK\$15 million, HK\$20 million, HK\$Nil and HK\$Nil, respectively, were declared and paid to the then shareholders of Hang Sang (Siu Po), and interim dividends of HK\$3 million, HK\$3 million, HK\$Nil and HK\$Nil, respectively, were declared and paid to the then shareholders of A W Printing. For the year ended 30 June 2015, final dividends of HK\$18 million and HK\$12 million were declared to the then shareholders of Hang Sang (Siu Po) and A W Printing, respectively, of which an aggregate of approximately HK\$23.6 million was declared to Mr Samson Fung (thereby increasing the amount due to him as a Director from the Group), and an aggregate of approximately HK\$6.4 million was declared to Mr David Fung (thereby reducing the amount due from him as a Director to the Group). The final dividends in aggregate declared to the then shareholders were applied to offset the balances of amounts due from/to such shareholders in their capacity as directors of our Group. Our Group expected the outstanding balances with directors will be fully settled prior to the Listing. As a result, although we have paid

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dividends in the past, there can be no assurance whether, when and in what form we will pay dividends in the future or that we will pay dividends in accordance with our dividend policy. Therefore, our historical dividend distributions are not indicative of our future dividend distribution policy. Please refer to the paragraph headed “Dividend and dividend policy” under the “Financial information” section of this prospectus for more details of our dividend policy.

Sale, or perceived sale, of substantial amounts of our Shares in the public market may materially and adversely affect the prevailing market price of our Shares.

The Shares held by our Controlling Shareholders are subject to certain lock-up periods after the date on which trading in our Shares commences on the Stock Exchange, details of which are set out in the section headed “Underwriting” in this prospectus. Our existing Shareholders (including our Controlling Shareholders) may dispose of Shares that they may own now or in the future. Sales of substantial amounts of our Shares in the public market, or the perception that these sales may occur, may materially and adversely affect the prevailing market price of our Shares.

There can be no assurance on the accuracy or completeness of certain facts, forecasts and other statistics obtained from various government publications, market data providers and other Independent Third Party sources, including the industry consultant report, contained in this prospectus.

Certain facts, forecasts and other statistics relating to the economy and the apparel label and packaging product printing industry contained in this prospectus have been derived from various government publications, market data providers and other independent third-party sources, including the EY Advisory Report, and generally are believed to be reliable. However, we cannot guarantee the accuracy and completeness of such information. These facts, forecasts and other statistics have not been independently verified by us, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, their or our respective directors and advisers or any other parties involved in the Share Offer and none of them makes any representation as to the accuracy or completeness of such information. Furthermore, such facts, forecasts and other statistics may not be prepared on a comparable basis or may not be consistent with other information compiled within or outside Hong Kong or available from other sources. For these reasons, you should not place undue reliance on such information as a basis for making your investment in our Shares.

Investors should read the entire prospectus carefully and should not consider any particular statements in published media reports without carefully considering the risks and other information contained in this prospectus.

Prior to the publication of this prospectus, there may have been press articles and media coverage regarding us and the Share Offer which might include certain financial information, financial projections, and other information about us which do not appear in this prospectus. Such information might not be sourced from or authorised by us, and as such, we do not accept any responsibility for the accuracy or completeness of such information. We cannot guarantee and make no representation as to the appropriateness,

RISK FACTORS

accuracy, completeness or reliability of such information. Potential investors are therefore cautioned to read this prospectus in its entirety and to make their investment decisions based solely on the information contained in this prospectus.

Forward-looking information may prove inaccurate.

This prospectus contains certain statements that are “forward-looking” and uses forward-looking terminology such as “aim”, “estimate”, “anticipate”, “believe”, “continue”, “could”, “expect”, “intend”, “may”, “might”, “plan”, “consider”, “potential”, “propose”, “seek”, “ought to”, “should”, “will” and “would” or similar expressions, or their negatives. Those statements include, among other things, the discussion of our growth strategy and the expectations of our future operation, liquidity and capital resources.

Purchasers of our Offer Shares are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions may prove inaccurate. The uncertainties in this regard include those identified in the risk factors discussed above. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set out in this section. We do not intend to update these forward-looking statements in addition to our continuing disclosure obligations pursuant to the Listing Rules or other requirements of the Stock Exchange. Investors should not place undue reliance on such forward-looking information. Please refer to the section headed “Forward-looking Statements” in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, contains particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to us. Our Directors, having made all reasonable enquiries, confirmed that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this prospectus or this prospectus misleading.

INFORMATION ON THE SHARE OFFER

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out in this prospectus and the Application Forms. No person is authorised to give any information in connection with the Share Offer or to make any representation not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorised by us, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, agents, employees or advisers or any other parties involved in the Share Offer.

Details of the structure of the Share Offer, including its conditions, are set out in the section headed “Structure of the Share Offer” in this prospectus, and the procedures for applying for the Public Offer Shares are set out in the section headed “How to Apply for Public Offer Shares” in this prospectus and in the relevant Application Forms.

RESTRICTIONS ON OFFER AND SALE OF OFFER SHARES

Each person acquiring the Public Offer Shares under the Share Offer will be required to, or be deemed by his acquisition of Offer Shares to, confirm that he is aware of the restrictions on offers of the Offer Shares described in this prospectus.

No action has been taken to permit an offering of the Offer Shares, or the distribution of this prospectus, in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption from the authorities.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee of the Stock Exchange for the approval for the listing of, and permission to deal in, our Shares in issue and to be issued pursuant to the Share Offer and the Capitalisation Issue and any Shares which may be issued upon the exercise of any options granted under the Share Option Scheme. None of our Shares or loan capital of our Company is listed on or dealt in on any other stock exchange. At present, our Company is not seeking or proposing to seek such listing or permission to deal in our Shares on any other stock exchanges.

OUR SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, our Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second trading day after a trading transaction. You should seek advice from your stockbroker or other professional advisers for details of such settlement arrangements as such arrangements will affect your rights and interests.

We have made all necessary arrangements for our Shares to be admitted into CCASS. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

DEALING ARRANGEMENTS

Assuming that the Share Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, 18 May 2016, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Wednesday, 18 May 2016.

The Shares will be traded in board lots of 2,000 Shares each.

The stock code of the Shares will be 3626.

PROFESSIONAL TAX ADVICE RECOMMENDED

Professional investors in the Share Offer are recommended to consult their professional advisers as to the taxation implications of subscribing for, purchasing, holding or disposing of, and dealing in, our Shares (or exercising rights attaching to them) under the laws of Hong Kong and the place of their operations, domicile, residence, citizenship or incorporation. None of the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, us, any of our or their respective directors or any other persons or parties involved in the Share Offer accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchasing, holding or disposing of, or dealing in, or the exercise of any rights attaching to, our Shares.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

REGISTER OF MEMBERS AND STAMP DUTY

Our Company's principal register of members will be maintained by our principal share registrar, Codan Trust Company (Cayman) Limited, in the Cayman Islands and our Company's register of members in Hong Kong will be maintained by the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong.

Dealings in our Shares registered in the register of members in Hong Kong will be subject to Hong Kong stamp duty.

PROCEDURE FOR APPLICATION FOR PUBLIC OFFER SHARES

The procedure for applying for Public Offer Shares is set out in the section headed "How to Apply for Public Offer Shares" in this prospectus and on the relevant Application Forms.

STRUCTURE OF THE SHARE OFFER

Details of the structure of the Share Offer, including its conditions, are set out in the section headed "Structure of the Share Offer" in this prospectus.

CURRENCY TRANSLATIONS

Unless otherwise specified, for illustrative purposes only, amounts denominated in U.S. dollars have been converted into Hong Kong dollars in this prospectus at the following rate:

US\$1 = HK\$7.75

No representation is made that any amounts in US\$ or HK\$ can be or could have been at the relevant dates converted at the above rate or any other rates, or at all.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

DIRECTORS

Name	Residential address	Nationality
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Executive Directors

Mr Fung Man Wai Samson (馮文偉)	Block 24, The Riviera 10 Pik Sha Road Clearwater Bay Hong Kong	Chinese
Mr Fung Man Kam (馮文錦)	Flat A, G/F, Content Lodge 140 Waterloo Road Kowloon Tong Kowloon Hong Kong	Chinese
Mr Fung Kar Chue Alexander (馮家柱)	Room 1C, 1/F, Sunrise Court 95 Blue Pool Road Happy Valley Hong Kong	Canadian

Independent non-executive Directors

Dr Loke Yu (陸海林)	17/F Ascot Tower 45-47 Village Road Happy Valley Hong Kong	Malaysian
Ms Fung Po Yee (馮寶儀)	Flat G, 24/F Nan Shan Mansion 3 Taikoo Shing Road Taikoo Shing Hong Kong	Chinese
Ms Sung Ting Yee (宋婷兒)	House No. 25 Green Crest 93 San Tam Road Yuen Long New Territories Hong Kong	Chinese

For detailed information of our Directors, please refer to the section headed “Directors, Senior Management and Employees” in this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

PARTIES INVOLVED IN THE SHARE OFFER

Joint Sponsors

VC Capital Limited
28/F, The Centrium
60 Wyndham Street
Central
Hong Kong
*(a licensed corporation permitted to carry out type 6
(advising on corporate finance) regulated activity
under the SFO)*

Gram Capital Limited
Room 1209, 12/F, Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong
*(a licensed corporation permitted to carry out type 6
(advising on corporate finance) regulated activity
under the SFO)*

Joint Bookrunners and Joint Lead Managers

Prime Securities Limited
Room 1601-2, 16/F Kai Tak Commercial Building
317-319 Des Voeux Road Central
Hong Kong
*(a licensed corporation permitted to carry out type 1
(dealing in securities) regulated activity under the
SFO)*

VC Brokerage Limited
28/F, The Centrium
60 Wyndham Street
Central
Hong Kong
*(a licensed corporation permitted to carry out type 1
(dealing in securities) and type 4 (advising on
securities) regulated activities under the SFO)*

Reporting accountants

Grant Thornton Hong Kong Limited
Certified Public Accountants
Level 12
28 Hennessy Road
Wanchai
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Legal advisers to our Company

as to Hong Kong law:
Norton Rose Fulbright Hong Kong
38/F Jardine House
1 Connaught Place
Central
Hong Kong

*as to Hong Kong law in respect of compliance of
business activities carried out by our Group:*

Mr Chan Chung (陳聰)
Room 4701, Far East Finance Centre
16 Harcourt Road
Admiralty
Hong Kong
(Barrister-at-law)

*as to Hong Kong law in respect of compliance with
applicable laws for the payment of fees to certain
Garment Brand Companies by our Group:*

Lam & Co.
19/F, Harbour Commercial Building
122-124 Connaught Road Central
Hong Kong

*as to the U.S. law in respect of compliance with
applicable laws for the payment of fees to certain
Garment Brand Companies by our Group:*

Locke Lord
21/F, Bank of China Tower
1 Garden Road
Central
Hong Kong

as to Cayman Islands law:

Conyers Dill & Pearman
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

**Legal advisers to the Joint
Sponsors and the
Underwriters**

as to Hong Kong law:
D. S. Cheung & Co.
29/F, Bank of East Asia Harbour View Centre
56 Gloucester Road
Wanchai
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Property valuer	Roma Appraisals Limited Unit 3806, 38/F, China Resources Building 26 Harbour Road Wan Chai Hong Kong
Compliance adviser	Gram Capital Limited Room 1209, 12/F, Nan Fung Tower 88 Connaught Road Central/ 173 Des Voeux Road Central Hong Kong <i>(a licensed corporation permitted to carry out type 6 (advising on corporate finance) regulated activity under the SFO)</i>
Receiving bank	Standard Chartered Bank (Hong Kong) Limited 15/F, Standard Chartered Tower 388 Kwun Tong Road Hong Kong

CORPORATE INFORMATION

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Headquarters and principal place of business in Hong Kong	Block C, 5/F, Gee Hing Chang Industrial Building No. 16 Cheung Yue Street Cheung Sha Wan Kowloon Hong Kong
Company's website	www.hangsangpress.com (<i>information contained in this website does not form part of this prospectus</i>)
Company secretary	Mr Li Kit Chung (李杰聰) (CPA)
Authorised representatives	Mr Fung Kar Chue Alexander (馮家柱) Room 1C, 1/F, Sunrise Court 95 Blue Pool Road Happy Valley Hong Kong Mr Li Kit Chung (李杰聰) Room G, 6/F, Block 1 Rambler Crest 1 Tsing Yi Road Tsing Yi New Territories Hong Kong
Members of the Audit Committee	Dr Loke Yu (陸海林) (<i>Chairman</i>) Ms Fung Po Yee (馮寶儀) Ms Sung Ting Yee (宋婷兒)
Members of the Remuneration Committee	Ms Sung Ting Yee (宋婷兒) (<i>Chairman</i>) Mr Fung Man Wai Samson (馮文偉) Mr Fung Kar Chue Alexander (馮家柱) Dr Loke Yu (陸海林) Ms Fung Po Yee (馮寶儀)

CORPORATE INFORMATION

**Members of the Nomination
Committee**

Ms Fung Po Yee (馮寶儀) (*Chairman*)
Mr Fung Man Wai Samson (馮文偉)
Mr Fung Kar Chue Alexander (馮家柱)
Dr Loke Yu (陸海林)
Ms Sung Ting Yee (宋婷兒)

**Cayman Islands principal share
registrar**

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Principal banks

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Central
Hong Kong

DBS Bank (Hong Kong) Limited
G/F., The Center
99 Queen's Road Central
Central
Hong Kong

Bank of China (Hong Kong) Limited
Bank of China Tower
1 Garden Road
Hong Kong

INDUSTRY OVERVIEW

The information in this section has been derived from an independent report prepared by EY Advisory. The EY Advisory Report is based on information from EY Advisory's database, publicly available sources, industry reports, data obtained from interviews and other sources. We believe that the sources of the information and statistics are appropriate sources for such information and statistics and have taken reasonable care in extracting and reproducing such information and statistics. We have no reason to believe that such information or statistics are false or misleading or that any fact has been omitted that would render such information or statistics false or misleading. Our Directors confirm that, after taking reasonable care, there is no adverse change in the market information since the date of the EY Advisory Report which may qualify, contradict or have an impact on the information in this section. None of our Company, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of our or their respective affiliates, directors, officers, employees, agents, representatives nor advisers nor any other persons or parties involved in the Share Offer has independently verified such information or statistics, or makes any representation as to the accuracy of such information or statistics, which may not be consistent with other information or statistics compiled within or outside Hong Kong. Accordingly, the official and non-official sources contained in this prospectus may not be accurate and should not be unduly relied upon.

APPAREL LABEL AND PACKAGING PRINTING

We appointed EY Advisory, an Independent Third Party, to conduct the EY Advisory Report, namely "Apparel label and packaging printing market study report". We paid EY Advisory HK\$582,090 for its research services, which we believe reflects the prevailing market rate. Except for the EY Advisory Report, we have not appointed any other party to prepare any other research report for the Listing. We prepared this section of this prospectus based on the EY Advisory Report so as to provide our prospective investors with a comprehensive description of our industry.

EY Advisory is an independent global consulting company which has extensive international network around the world, including many professionals of transaction advisory services department in Greater China, among which most of them are in China. EY Advisory provides services including commercial due diligence, market assessment, market penetration and growth strategy and competitive analysis. EY Advisory has extensive experience in providing market entry strategy for many multinational institutions and industry analysis for local companies. EY Advisory has relied on a variety of industry sources in determining its market data, including but not limited to, government statistics, publicly released corporation information, publicly available statistics, trade interviews and the expertise of EY Advisory industry analysts. EY Advisory considered the above sources of information and data to be reliable on the following basis: (i) in compiling and preparing the EY Advisory Report, EY Advisory has undertaken top-down central research with bottom up intelligence to present a more comprehensive and accurate picture of the target industry. EY Advisory concluded relevant industry reports and public statistics to gain the topline data market size and verified the data with industry players and through further research on market trends, drivers and constraints to try best efforts to reduce possible data bias; and (ii) EY Advisory considered the following factors and assumptions in the forecasted period when preparing the EY Advisory Report: (a) the economy is likely to maintain stable growth; (b) social,

INDUSTRY OVERVIEW

economic and political environment is likely to remain stable; and (c) market drivers such as the steady growing global apparel consumption, the rising of emerging economies in Southeast Asia, the consistent demand for value-added apparel labels and packaging products and favourable trading policies are likely to drive the future growth of this industry.

Under classification of EY Advisory, apparel labels and packaging products include printed labels and packaging products for apparel goods. These include paper tags, woven tags, printed fabric labels, graphic paper tags, cards, heat transfer labels, boxes, bags, variable data tags and stickers. Apparel labels and packaging products carry both basic information of the garment piece, as well as branding and promotional message for the brand owner and retailer. Apparel label and packaging printing is one segment of the printing market and a niche segment in the label and packaging printing industry, which grows at a trend that is consistent with the apparel industry.

Apparel market overview



Source: Wazior Advisory; EY analysis

The size of the current global apparel market was approximately US\$1,180 billion in 2014. After experiencing a period of subdued economic growth during 2010-2013, the recovering economy is expected to drive the growth of the apparel industry for the next five years.

According to the EY Advisory Report, leading apparel consumption countries include the United States and the EU nations. Meanwhile, large emerging economies including China and India saw faster growth in apparel consumption with an estimated CAGR during 2015-2019 of 10% and 12% respectively, becoming major contributors to the incremental growth. The apparel industry displays trends of slowing down in growth in the U.S. home market¹. Future growth opportunities are expected to be in Asian and the rest of emerging markets.

¹ Bureau of Economic Analysis: "Personal consumption expenditure by clothing and footwear (2014Q1-2015Q4)", "Price indexes for personal consumption expenditure by clothing and footwear (2014Q1-2015Q4)"

INDUSTRY OVERVIEW

Global market position and market share of the Garment Brand Companies

During the Track Record Period and up to the Latest Practicable Date, our products were mainly sold to garment manufacturers and garment related accessories trading companies, ultimately for the use as labels on or packaging materials for finished garments of the Garment Brand Companies.

The Garment Brand Companies comprise of Garment Brand Company A, Garment Brand Company B, Garment Brand Company C and Garment Brand Company D. According to the EY Advisory Report:

- Garment Brand Company A is a leading casual apparel and accessories brand company and retailer in the United States, generating nearly 90% of sales revenue from domestic market. Garment Brand Company A manages to sell its branded apparel and accessories through its own retail stores. In 2015, Garment Brand Company A was able to achieve US\$3.3 billion revenue in retail sales value, which accounted for 0.3% market share worldwide¹.
- Garment Brand Company B is the top apparel brand company in the United States and a leading global apparel retail company, offering mainly apparel and accessories for different consumer demographics under several world famous casual wear brands. Nearly 30% sales of Garment Brand Company B is generated from regions other than North America. Vast majority of products of Garment Brand Company B are sold via its own retail stores with a small proportion distributed through franchisees. During 2015, Garment Brand Company B achieved around US\$16.4 billion in retail sales value, contributing around 1.4%-1.5% market share worldwide².
- Garment Brand Company C is one of the largest outdoor and active lifestyle apparel and footwear companies in the world, with over 35% of sales generated from regions other than North America. Garment Brand Company C operates its own brand and several other brands. The majority of sales of Garment Brand Company C are generated through wholesale channels. In 2015, apparel and accessories sales of Garment Brand Company C achieved about US\$2.3 billion in retail sales value, which is about 0.2% market share worldwide³.
- Garment Brand Company D is an operating division of a company which is listed on the New York Stock Exchange. Garment Brand Company D is responsible for developing and sourcing merchandise for the private brands and labels of the listed company. The listed company has stores located in 38 states throughout the United States and in one province in Canada as of 31 January 2015 which offers merchandise including apparel, shoes, accessories, cosmetics and other fashion items; sells merchandise from brands and generates a smaller percentage of revenue from its own private labels. In 2015, sales of private label apparels were estimated to contribute a US\$1.0-US\$1.5 billion retail sales value, which is about 0.1% market share worldwide⁴.

¹ Garment Brand Company A Form 10-K, Capital IQ

² Garment Brand Company B Form 10-K, Capital IQ

³ Garment Brand Company C Form 10-K, Capital IQ

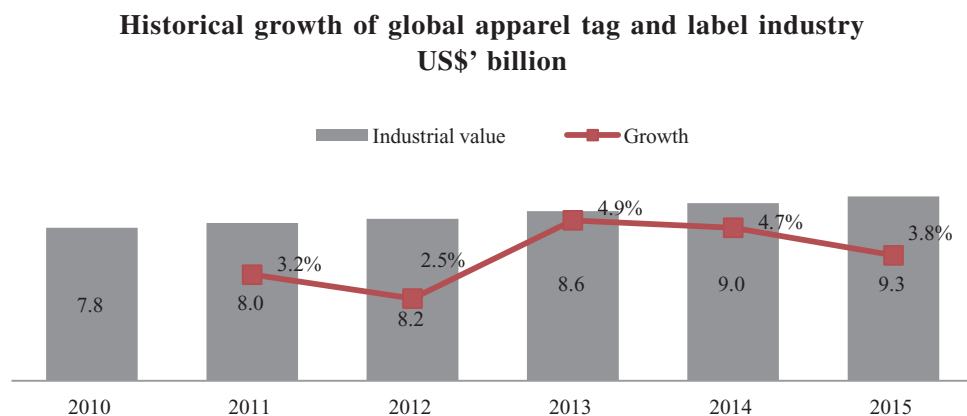
⁴ Such company is listed on the New York Stock Exchange Form 10-K, Capital IQ

INDUSTRY OVERVIEW

Role of garment brand companies in the production of their products

Garment brand companies normally take the role of design of their products, and in general, they will place orders to garment manufacturers to outsource the manufacturing process. Meanwhile, in order to ensure product quality, garment brand companies often maintain and determine a list of “approved suppliers” for raw materials (including packaging materials for finished garment products, such as paper tags, woven labels, printed fabric labels, graphic paper tags, cards, heat-transfer labels, boxes and bags) and production services based on price quotation and quality of product samples provided by various potential suppliers. Please also refer to the paragraph headed “New product development” of “Our business operation” under “Business model” of the “Business” section of this prospectus for the disclosure that our Group is one of the suppliers approved by the garment brand companies. Then, garment manufacturers will place orders to suppliers from the list of “approved suppliers” after the negotiation and agreement on terms of purchase for raw materials (such as apparel labels and packaging printing products).

Market development of apparel label and packaging printing industry



Source: *Smithers Pira, EY research and analysis*

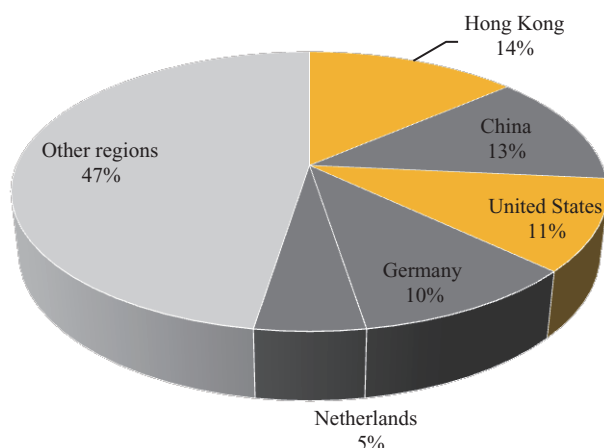
The growth trend of the apparel label and packaging printing sector is similar to that of the apparel industry. The apparel label and packaging printing market managed to reach approximately US\$9 billion with a CAGR of around 3.8% in 2015 despite facing world economic slowdown. The apparel market grew only slightly due to the economic downturn during 2010-2014; brand owners and retailers were seen to implement in-store discounting and promotion activities in order to attract traffic. As a result, higher-quality promotional apparel label and packaging products were required, driving the apparel label and packaging printing industry to grow faster than that of apparel consumption.

INDUSTRY OVERVIEW

Export of major label products

Printed paper and paperboard label (Note)

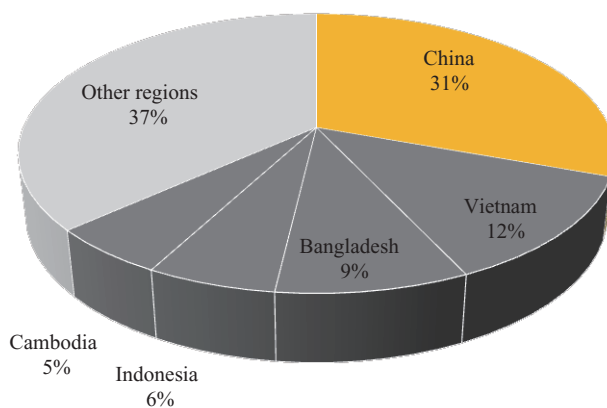
Leading regions in export value of printed paper label goods, sum of 2011-2014



Source: UN Comtrade; EY analysis

Note: paper labels of all kinds, printed

Leading destinations of Hong Kong printed paper label goods, sum of 2011-2014



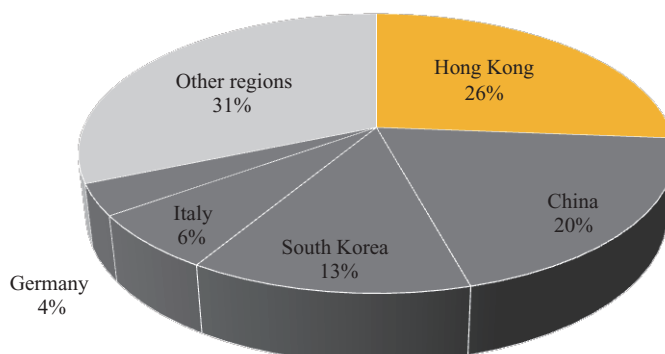
Source: UN Comtrade; EY analysis

The export value of paper-based printed label has seen slow yet positive overall growth in the past four years at CAGR of approximately 1.8% during 2011-2014. In 2011-2014, Hong Kong ranked the top in world's exporters of printed paper-based and paperboard-based label. The major manufacturing bases, namely China, Vietnam, Bangladesh, Indonesia and Cambodia, accounted for a 63% of Hong Kong's printed paper label goods exports during 2011-2014.

INDUSTRY OVERVIEW

Fabric labels^(Note)

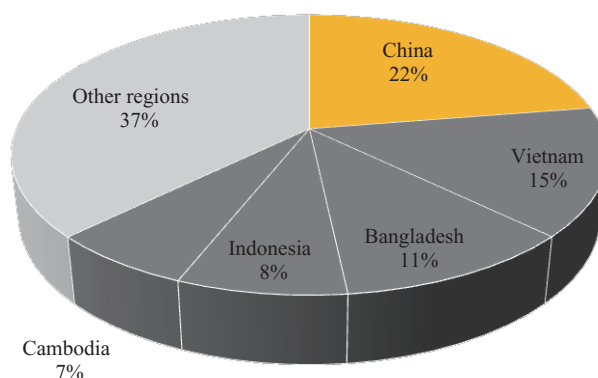
Leading regions in export value of fabric labels, sum of 2011-2014



Source: UN Comtrade; EY analysis

Note: labels, badges and similar articles made of textile materials, in one piece, in strips or cut to shape or size, made from woven or other fabric materials, but are not embroidered.

Leading destinations of Hong Kong fabric label goods, sum of 2011-2014



Source: UN Comtrade; EY analysis

Hong Kong, China and South Korea were major Asian exporters of fabric labels during 2011-2014 and in the same period Hong Kong had a CAGR of 5.1%. The major destinations of products from Hong Kong are the same as those of paper labels.

Business model of the apparel label and packaging printing industry

The apparel label and packaging printing companies have close relationships with both brand owners and apparel manufacturers. Apparel manufacturers are increasingly demanding higher quality goods and on-time delivery services.

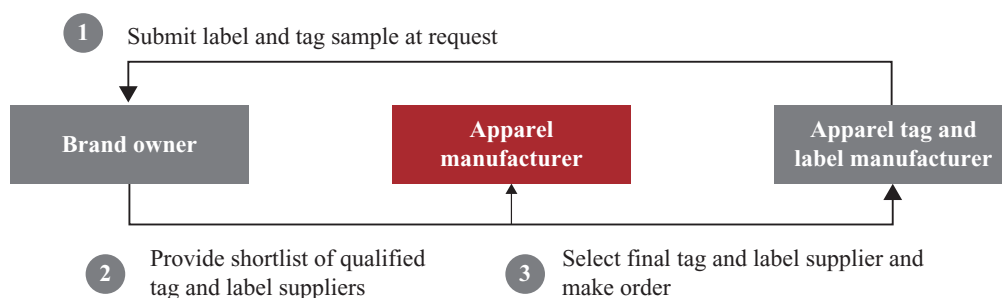
Major brand owners in this business model are apparel retailer brands including fashion brands, sports and outdoor wear brands. They have global manufacturing plants and retail branded goods worldwide. A brand owner faces challenges from fast-changing consumer

INDUSTRY OVERVIEW

tastes in styles, colours and selections, and is eager to improve brand awareness. Meanwhile, brand owners are looking for ways to get high-quality finished goods from manufacturers to retail stores faster, at the lowest possible cost.

As a result, apparel label and packaging printing companies are required to deliver consistently high-quality products in a shorter production period. They have to maintain profitability while offering competitive prices. Meanwhile, unit price of an order for apparel labels and packaging products does not only depend on production costs but also depend on negotiations between the printer with the apparel manufacturer and the brand owner.

Interaction of apparel label manufacturer with customers



Source: Trade interview; EY research and analysis

Competitive landscape

There is no dominant global player in the apparel label and packaging printing industry. The top player accounts for approximately 5% to 8% of the global market share, with thousands of small players in the industry with less than US\$10 million revenue a year. Hang Sang (Siu Po) is one of the many exporters in the apparel label and packaging printing sector in Hong Kong which together contributed 2% to 3% share of total Hong Kong export value in 2014. Hang Sang (Siu Po) is competing with global leading players to serve those leading apparel brands and has built up its competitive strengths including sound reputation, high product quality as well as solid relationship with customers globally after years of development. There is a consolidation of the apparel label and packaging printing market as large players are observed to acquire smaller players around the globe. Capable companies with strong client relationship are also investing in expanding production to enhance production capacity and reach economies of scale.

Major regions of printed labels and packaging products are located in Southeast Asia where also lies the major production base of the world's apparel industry. Hong Kong is the top exporter of printed paper labels in the world. There is a large number of local players in Hong Kong and many of them are manufacturers for apparel brands. However, there is no player which demonstrates dominant performance in the apparel label and packaging printing industry.

Regional players in Hong Kong also serve leading apparel brands and many regional brands. Hong Kong has a long history of manufacturing and exporting apparels and apparel related goods, which contributed to a well-established client base.

INDUSTRY OVERVIEW

The key competition factors are below:

(i) Quality and service

Market players in the apparel label and packaging printing sector face global competition. The global players are expanding and building regional manufacturing plants, and regional players are expanding cross-borders in order to achieve economies of scale. In such a competitive market, high quality performance and in-time delivery service are essential for apparel label and packaging printing companies to stand out in the industry.

(ii) Strong client relationship

Brands owners value historical partnerships highly when selecting their vendors. The key to maintain strong client relationship is to meet a client's changing demands and to offer consistently high quality with low error record. In order to achieve that, manufacturers have to consistently invest in the latest machinery and maintain a skilled and well-trained workforce so as to ensure high quality and strengthen client relationship.

(iii) Cost efficiency

The rising production costs urged manufacturers to improve cost efficiency in production. Manufacturers are observed to move plants to lower cost regions in Southeast Asia, such as Vietnam in recent years and expand production base to achieve economies of scale in order to lower marginal costs.

Compared to other players in Hong Kong market, Hang Sang (Siu Po) has built long-standing relationships with garment brand companies, which brings stable orders. Furthermore, Hang Sang (Siu Po) deploys tailored ERP system which offers effective production planning and improves the production efficiency, and installs advanced professional printing machines, combining with a strong management team with in-depth industry and process technological know-how, which ensures overall operational efficiency to achieve cost and profitability advantages, while some small and medium-sized players in Hong Kong market rarely invest heavily in facilities and systems. Our Group acquired a six-colour offset printing machine in the second half of year 2013 with an investment amount of approximately HK\$13.0 million and a total investment in the ERP system since its adoption amounted to approximately HK\$1.5 million, which includes initial development cost of approximately HK\$0.3 million and enhancement cost of approximately HK\$1.2 million.

INDUSTRY OVERVIEW

Compared to global leading players, although Hang Sang (Siu Po) is small sized, it has also successfully entered into the supply system of global leading brand owner companies as a qualified supplier, and has developed a long term and stable business relationship by providing high quality products and services. The EY Advisory Report mentioned that based on publicly available information, Hang Sang (Siu Po) has achieved a similar level of profitability compared to companies involved in apparel tag and label printing business in the industry.

Key entry barriers

The following is a brief summary of the entry barriers of the apparel label and packaging printing market:

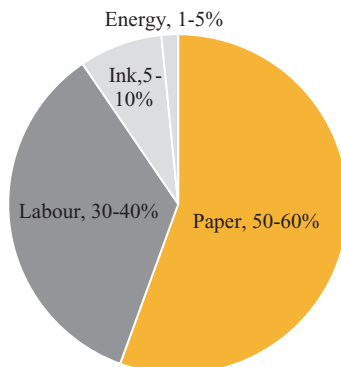
- Brands owners value historical partnerships highly when selecting their manufacturers. As a result, it is difficult for a new entrant with few past credentials to pitch to brand owners. Strong client relationship is critical in gaining competitiveness.
- Advanced equipment and skilled workers are essential to deliver high quality products. In order to meet a client's changing demands and to offer consistently high quality with low error record, manufacturers have to consistently invest in the latest machinery and maintain a skilled and well-trained workforce. It would be difficult for new comers, without skilled labour force to operate the production equipment, to achieve production excellence.
- Due to rising production costs and competition between local and global players, industry players face a high pressure of making profit. Successful companies in such an environment have to be able to deliver high quality products and services while maintaining cost efficiency in order to perform target profit margin. Without economies of scale and production experience, it is difficult for a new entrant to compete in the market place.
- Brand companies might also have their requirements on apparel label and packaging printing manufacturers. The brand companies are very interested in building business relationships with suppliers that could provide speed-to-delivery services with low error and waste production.

Constraints

According to industry interview, paper accounts for the largest proportion of total raw material cost followed by labour. The rising labour and raw material costs have challenged manufacturers' profitability.

INDUSTRY OVERVIEW

Cost structure (raw material input) of paper printing industry 2014

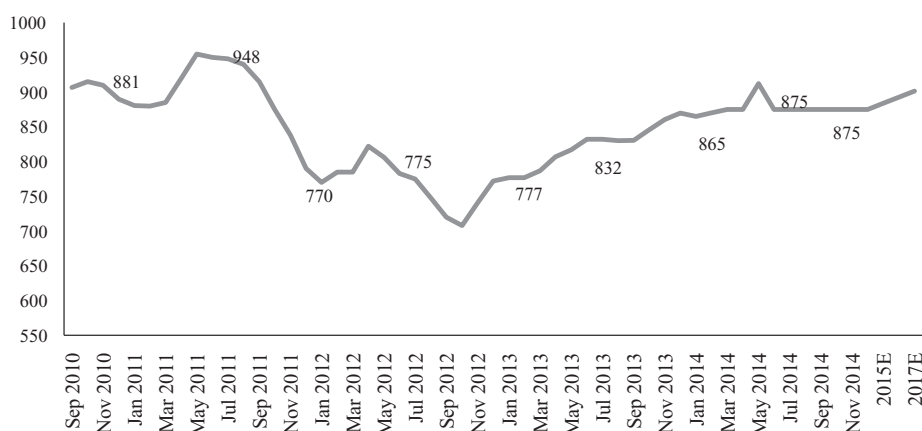


Source: Industry interview, EY analysis¹

Prices of paper and paperboard products

Prices of paper and paperboard products are on an upward trend. Specific input costs including pulp and paper are on the rise. In 2011, wood pulp price reached its highest point in more than 30 years. Although prices have faltered somewhat from 2011 to 2013, global wood pulp price remains at a high price of US\$875 per metric tonne. Industry demand has a direct impact on price of wood pulp. Printing and packaging industries are major sectors which contribute to the consumption of paper products. Driven by an increase in demand from downstream industries following the economic recovery around the world, IBISWorld expects that the global wood pulp price will rise at 1.0% per annum to 2017. Increases in input costs up the supply chain will likely be passed onto the buyer in the form of price hikes. For example, rising wood pulp prices are expected to flow through to the price of paper, which is anticipated to increase at an annualised rate of 2.1% in the three years to 2017².

Global wood pulp prices (US\$/ton)



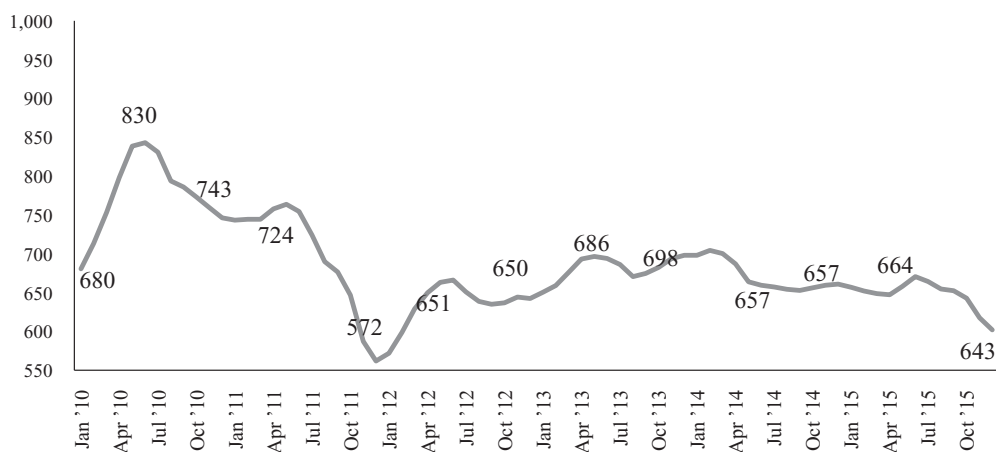
Source: Index Mudi (Wood pulp, softwood, sulphate, bleached, air-dry weight, c.i.f. North Sea ports); IBISWorld

¹ Based on the available public information

² IBISWorld

INDUSTRY OVERVIEW

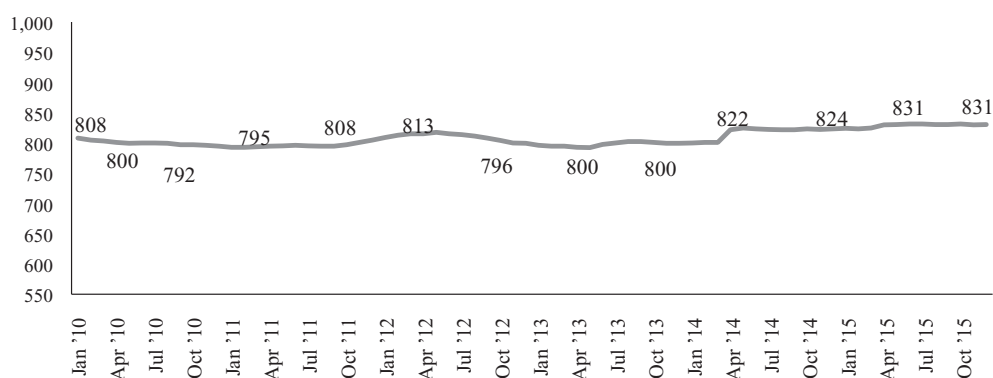
China paper & pulp prices (US\$/ton)



Sources: Bloomberg, E&Y Analysis

Paper & pulp prices in China have been largely fluctuating post stock market crisis. In 2014, Chinese paper export is adversely affected by anti-dumping laws placed by EU and USA. The average price for paper & pulp for the years 2014 and 2015 was US\$671 and US\$647 per ton, respectively. Domestically, increasing stringent government environmental and anti-pollution measures made many small vendors unable to sustain cost. Strong competition within the domestic market, and the slowdown domestic GDP growth as well as cheaper imports from lower cost-based countries like Indonesia forced price down during 2014-15 period.

Japan pulp & paper prices (US\$/ton)



Sources: Bloomberg, E&Y Analysis

Compared to China, paper & pulp prices in Japan have stayed relatively stable given less fluctuation and less supply and demand imbalance in Japan over the past years. Strong labour union and firm opposition from paper industry association in Japan to price changes also contribute to the stable market prices for paper and pulp. The average price for paper & pulp for the years 2014 and 2015 was US\$823 and US\$824 per ton, respectively.

INDUSTRY OVERVIEW

Our Group has taken certain measures, as and when appropriate, to mitigate the impact of increasing paper prices in the past and in the future, which include strengthening the control on paper usage in production in order to reduce paper wastage, reducing other costs and expenses if necessary, such as labour cost and administration expenses, and seeking additional and/or alternative sources which supply paper with lower prices.

Labour cost

The Hong Kong Labour Department adjusted minimum wage every two years and in the latest adjustment, minimum hourly wage was raised by another 8.3% to HK\$32.5. The Hong Kong Shue Yan University stated in a recent research report that the increase of minimum wage could result in longer working-hour or heavier workload on mid-income jobs. Employees of such jobs are likely to shift to lower-income jobs that have flexible work schedule, shorter working-hour or lighter workload. In manufacturing sector, it could become more difficult and expensive to hire factory workers.

Minimum Wage

Effective date	2011-05-01	2013-05-01	2015-05-01
Minimum Wage (HK\$/hour)	28	30	32.5

Key drivers

Key drivers for the apparel label and packaging printing industry include:

- The global apparel market grew steadily driven by the recovery of the domestic markets in developed countries and growing consumption power in the large emerging economies such as China and India. Market-wise, the robust development of online retail channel will increase the consumption of apparel goods due to:
 1. Wider coverage of geographical regions. As the rapid advancement of logistics and online retail capabilities, consumers can conveniently purchase apparel brands domestically and overseas. Online retail allows customers to pick-and-choose items which otherwise would be unavailable in their immediate vicinities.
 2. The development of smartphone technologies has significantly improved the convenience of purchasing consumer goods. Customers can make clothing and accessories related transactions whenever and wherever. It is estimated by MasterCard that the preference on online shopping would be higher in Asia countries particularly in China due to its' convenience and efficiency¹.

¹ "Annual E-business Report (2014)", MasterCard

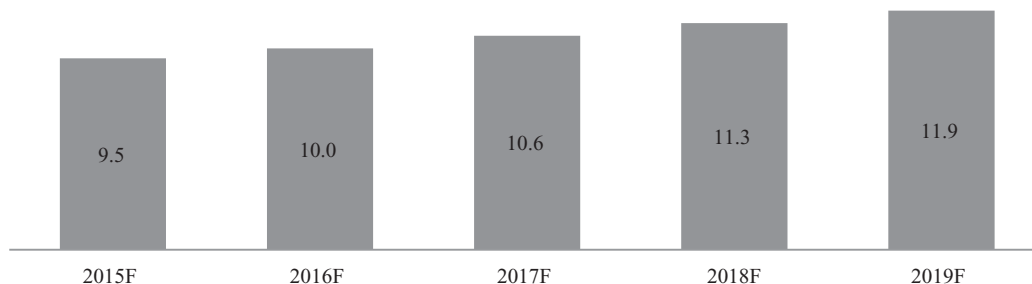
INDUSTRY OVERVIEW

- Due to increasing competition between apparel brands, retailer brands have to increase marketing and promotion effort, thus the demand for promotional function of the apparel labels and packages is growing significantly. Meanwhile, advanced information technologies allow apparel labels and packages to provide protection functions to prevent from reputation damage caused by counterfeits and provide shrink management for retailers. The promotional and protection functions are creating new demand for apparel labels and packaging goods, which significantly drives the value growth of the industry.

Future opportunities and challenges

Driven by a recovering world economy and favourable regional trading policies, demand for apparel goods is expected to rise in the next few years. International Monetary Fund projects the global growth to rebound to an annual rate of nearly 4% in the next five years (2015-2019) from a lower 3% during 2012-2014. The world apparel market is also projected to have a higher growth outlook driven by the economic recovery in the developed countries and the growing consumption power in the emerging economies. Moreover, more favourable trading policies are expected to facilitate brand owners' global sourcing activity, especially in the Southeast Asian region. As a result, the upstream apparel label and packaging printing industry is expected to grow with an estimated CAGR of nearly 6% in the forecast period between 2015 and 2019.

Forecast growth of global apparel label and packaging printing industry
US\$' Billion



Source: Smithers Pira, EY analysis

Due to globalisation, brand companies are facing increased customer demands. While the apparel market may grow steadily in terms of quantities demanded, customer demands and product complexity are increasing. Manufacturers are thus required to improve production time, and optimize workflow and handling.

Brand companies around the globe are decreasing the number of tag and label vendors as they prefer a “one-stop shop” experience, which allows them to purchase labels, and obtain flexible packaging and folding cartons from one source. This trend will encourage one-stop vendors to further enhance product offering and expand production scale.

INDUSTRY OVERVIEW

As run-length declined consistently over the historical period, digital printing presses grew in popularity. The digital printing process is forecast to grow 17% per annum between 2014 and 2019¹. It is estimated that by 2018, half of the new presses in the overall label and packaging printing segment will be digital. However, conventional presses will still enjoy a market as they will fulfil demand for run sizes outside of digital's reach².

On the other hand, the raw material prices will be high on the agenda of both brand owners and apparel and parts manufacturers. The rising paper and wood pulp prices as well as labour costs could create a difficult route to profitable business for all concerned in the label industry value chain. The cost of paper, which is a major raw material, is anticipated to increase at CAGR 2.1% between 2014 and 2017 driven by the rising of input prices of global wood pulp.

Despite the fact that garment and apparel label manufacturers are moving their production offshore to lower cost regions such as Vietnam, companies have to evaluate the countries' political stability, currency issues, backward linkage, labour skills, quality, speed, and delivery time, and have to examine the entire value chain. Therefore, the pace of the shift is expected to be steady and reasonable.

Green printing will become a main trend addressed by industrial standards, and brand companies which have published corporate mission statements on their carbon footprint and waste management will also drive label and packaging printers to comply such standards in order to be their qualified supplier.

Heat transfer technology

Heat transfer printing has gained significant importance and favour in several industries, especially in the apparel industry. Heat transfer technology could help reduce the cost of printing, and improve printing speed and quality. The ultraviolet printing ink is used in heat transfer printing, which improves printing speed with its quick-dry feature. The ink finishes with a photosensitive layer on the top that improves glossiness and abrasion resistance, which helps improve printing quality and reduce the chance of inferior printing result. Special heat transfer paper performs high stability that prevents it from shrinking or being penetrated by inks in printing process. This feature helps reduce paper waste and to save printing cost. As a result, the application of heat transfer printing technology will continue to increase in the label printing industry in the future. Formula and technical procedures and ingredients such as ink and transfer film are mostly patented and confidential. Companies have to invest in research and development in order to adopt such technology by their own.

¹ *Smithers Pira*

² *Primir Research Explores Tag & Label Printing Trends 2013-2018*

REGULATIONS

The following is a summary of laws and regulations which affect our business and operations. The principal objective of this summary is to provide potential investors with an overview of the key laws and regulations applicable to us. This summary does not purport to be a comprehensive description of all the laws and regulations applicable to our business and operations and/or which may be important to potential investors. Investors should note that the following summary is based on laws and regulations in force as at the date of this prospectus, which may be subject to change.

1 Health and Safety

Factories and Industrial Undertakings

The Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong) provides for the safety and health protection to workers in an industrial undertaking. Under the Factories and Industrial Undertakings Ordinance, every proprietor shall as far as reasonably practicable take care of the safety and health at work of all persons employed by it at the industrial undertaking by:

- (i) providing and maintaining plant and work systems that are safe and without risks to health;
- (ii) making arrangements for ensuring safety and absence of risks to health in connection with the use, handling, storage and transport of articles and substances;
- (iii) providing all necessary information, instruction, training, and supervision for ensuring safety and health at work;
- (iv) providing and maintaining safe access to and egress from the workplaces; and
- (v) providing and maintaining a working environment that is safe and without risks to health.

A proprietor who contravenes these duties commits an offence and is liable to a fine of HK\$500,000. A proprietor who contravenes these duties wilfully and without reasonable excuse commits an offence and is liable to a fine of HK\$500,000 and to imprisonment for six months.

Section 9 of the Factories and Industrial Undertakings Ordinance requires the person having the management or control of a notifiable workplace (as defined in the ordinance) shall give the Commissioner for Labour notification of his workplace in the prescribed form before the first occasion on which any industrial process is commenced or any industrial operation is carried on in the workplace and notification of change in the location or name of the workplace or in the nature of the industrial process or industrial operation carried on therein in the prescribed form before the change takes effect.

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A proprietor who contravenes this duty is liable on conviction to a fine of HK\$10,000.

Factories and Industrial Undertakings (Safety Management) Regulation

The Factories and Industrial Undertakings (Safety Management) Regulation (Chapter 59AF of the Laws of Hong Kong) (the “**FIUSMR**”) requires proprietors covered by the regulation to implement a safety management system, which consists of 14 elements. Besides the adoption of the safety management system, the proprietors are also required to carry out safety audits or safety reviews of their safety management systems, according to the number of workers employed.

A proprietor specified in part 2 of schedule 3 of the FIUSMR shall appoint, in the approved form, a person (who may be an employee of the proprietor), being a person who is capable of competently carrying out a safety review, to be the safety review officer to conduct a safety review in relation to the relevant industrial undertaking. The relevant proprietor shall ensure that safety reviews are conducted at least once in each 12 months or at a shorter interval when so required in writing by the Commissioner for Labour.

Based on the number of employees currently working in our factory premises, our Group falls into part 2 of schedule 3 of the FIUSMR. Our Group has to (i) prepare and revise as often as may be necessary a written policy statement in relation to the safety policy of the relevant industrial undertaking; (ii) bring such statement and any revision of it to the notice of all the workers in the undertaking; (iii) keep a copy of the statement; and (iv) make a copy of the statement available for inspection upon request by an occupational safety officer.

Any person who contravenes any one of the above duties in respect of (a) the safety management system, safety review and safety audit commits an offence and is liable on conviction to a fine of HK\$200,000 and to imprisonment for six months; (b) the safety policy commits an offence and is liable on conviction to a fine of HK\$100,000 and to imprisonment for three months.

Occupational Safety and Health

The Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong) provides for the safety and health protection to employees in workplaces, both industrial and non-industrial.

Employers must as far as reasonably practicable ensure the safety and health in their workplaces by:

- (i) providing and maintaining plant and work systems that are safe and without risks to health;

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- (ii) making arrangement for ensuring safety and absence of risks to health in connection with the use, handling, storage or transport of plant or substances;
- (iii) providing all necessary information, instruction, training, and supervision for ensuring safety and health;
- (iv) providing and maintaining safe access to and egress from the workplaces; and
- (v) providing and maintaining a working environment that is safe and without risks to health.

Failure to comply with the above provisions constitutes an offence and the employer is liable on conviction to a fine of HK\$200,000. An employer who fails to do so intentionally, knowingly or recklessly commits an offence and is liable on conviction to a fine of HK\$200,000 and to imprisonment for six months.

The Commissioner for Labour may also issue improvement notices against non-compliance of this ordinance or the Factories and Industrial Undertakings Ordinance, or suspension notices against activity of workplace which may create imminent hazard to the employees. Failure to comply with such notices constitutes an offence punishable by a fine of HK\$200,000 and HK\$500,000, respectively, and imprisonment of up to 12 months.

Occupiers Liability

The Occupiers Liability Ordinance (Chapter 314 of the Laws of Hong Kong) regulates the obligations of a person occupying or having control of premises on injury resulting to persons or damage caused to goods or other property lawfully on the land. The Occupiers Liability Ordinance imposes a common duty of care on an occupier of premises to take such care as in all the circumstances of the case is reasonable to see that the visitor will be reasonably safe in using the premises for the purposes for which he is invited or permitted by the occupier to be there.

2 Employment

Employees' Compensation

The Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) establishes a no-fault and non-contributory employee compensation system for work injuries and lays down the rights and obligations of employers and employees in respect of injuries or death caused by accidents arising out of and in the course of employment, or by prescribed occupational diseases.

Under the Employees' Compensation Ordinance, if an employee sustains an injury or dies as a result of an accident arising out of and in the course of his employment, his employer is in general liable to pay compensation even if the employee might have

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committed acts of faults or negligence when the accident occurred. Similarly, an employee who suffers incapacity or dies arising from an occupational disease is entitled to receive the same compensation as that payable to employees injured in occupational accidents.

According to section 40 of the Employees' Compensation Ordinance, all employers (including contractors and subcontractors) are required to take out insurance policies to cover their liabilities both under the Employees' Compensation Ordinance and at common law for injuries at work in respect of all their employees (including full-time and part-time employees). An employer who fails to comply with the Employees' Compensation Ordinance to secure an insurance cover is liable on conviction upon indictment to a fine of HK\$100,000 and imprisonment for two years, or on summary conviction to a fine of HK\$100,000 and imprisonment for one year.

According to section 48 of the Employees' Compensation Ordinance, an employer shall not, without the consent of the Commissioner for Labour, terminate, or give notice to terminate, the contract of service of an employee (who has suffered incapacity or temporary incapacity in circumstances which entitle him to compensation under the Employees' Compensation Ordinance) before occurrence of certain events. Any person who commits breach of this provision is liable on conviction to a maximum fine of HK\$100,000.

Minimum Wage

The Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) provides for a prescribed minimum hourly wage rate (currently set at HK\$32.5 per hour) during the wage period for every employee engaged under a contract of employment under the Employment Ordinance (Chapter 57 of the Laws of Hong Kong).

Any provision of the employment contract which purports to extinguish or reduce the right, benefit or protection conferred on the employee by this ordinance is void.

3 Environmental Protection

Water Pollution Control

The Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong) controls the effluent discharged from all types of industrial, commercial, institutional and construction activities into public sewers, rainwater drains, river courses or water bodies. For any industry/trade generating wastewater discharge (except domestic sewage that is discharged into communal foul sewers or unpolluted water to storm drains), they are subject to licensing control by the Director of Environmental Protection.

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All discharges, other than domestic sewage to a communal sewer or unpolluted water to a communal drain, must be covered by a water pollution control licence. The licence specifies the permitted physical, chemical and microbial quality of the effluent and the general guidelines are that the effluent does not damage sewers or pollute inland or inshore marine waters.

A water control pollution licence shall not be granted, even by imposing terms or conditions under the Water Pollution Control Ordinance if (a) the discharge or deposit will endanger or is likely to endanger public health, (b) the discharge or deposit will be or is likely to be harmful to the health or safety of any person engaged in the operation or maintenance of a drainage or sewerage system, (c) the discharge or deposit will be or is likely to be harmful to a drainage or sewerage system, or (d) the attainment and maintenance of water quality objectives will not be or is not likely to be achieved.

According to the Water Pollution Control Ordinance, unless being licensed under the Water Pollution Control Ordinance, a person who discharges any waste or polluting matter into the waters or discharges any matter into a communal sewer or communal drain in a water control zone commits an offence and is liable to imprisonment for six months and (a) for a first offence, a fine of HK\$200,000; (b) for a second or subsequent offence, a fine of HK\$400,000, and in addition, if the offence is a continuing offence, to a fine of HK\$10,000 for each day during which it is proved to the satisfaction of the court that the offence has continued.

Waste Disposal

The Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong) controls the production, storage, collection, treatment, recycling and disposal of wastes. At present, livestock waste, clinical waste and chemical waste are subject to specific controls whilst unlawful deposition of waste is prohibited. Import and export of waste is generally controlled through a permit system.

Our Company shall observe and comply with the Waste Disposal Ordinance and its subsidiary regulations including the Waste Disposal (Chemical Waste) (General) Regulation (Chapter 354C of the Laws of Hong Kong). Under the Waste Disposal (Chemical Waste) (General) Regulation, anyone who produces chemical waste or causes it to be produced has to register as a chemical waste producer. The waste must be packaged, labeled and stored properly before disposal. Only a licensed collector can transport the waste to a licensed chemical waste disposal site for disposal. Chemical waste producers also need to keep records of their chemical waste disposal for inspection by the staff of the Environmental Protection Department.

A person shall not produce or cause to be produced chemical waste unless he is registered as a chemical waste producer. A person who contravenes this duty commits an offence and is liable to a fine of HK\$200,000 and to imprisonment for six months.

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Noise Pollution

The Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong) controls the noise from construction, industrial and commercial activities.

4 Product liability

Sale of Goods Ordinance

The contracts of the sale of goods in Hong Kong are mainly governed by the Sale of Goods Ordinance (Chapter 26 of the Laws of Hong Kong) which governs the scope of certain implied terms or conditions and warranties generally relating to the safety and suitability of the goods supplied, for instance, goods for sale must be of merchantable quality and must correspond with the description and the sample.

Common law

In tort, a manufacturer of a product owes a duty of care to the ultimate consumer of that product. A manufacturer shall bear the tortious liabilities for any personal injuries or damages caused by any defects of its products.

5 Intellectual Property

Copyright Ordinance

The Copyright Ordinance (Chapter 528 of the Laws of Hong Kong) provides comprehensive protection for recognised categories of literary, dramatic, musical and artistic works, as well as for films, broadcasts and cable programmes, and typographical arrangement of published editions. Under the Copyright Ordinance, a person may incur civil liability for “secondary infringement” if that person possesses, sells, distributes or deals with a copy of a work which is, and which he knows or has reason to believe to be, an infringing copy of the work for the purposes of or in the course of any trade or business without the consent of the copyright owner.

However, the person will only be liable if, at the time he committed the act, he knew or had reason to believe that he was dealing with infringing copies.

Under section 31 of the Copyright Ordinance, the copyright in a work is infringed by a person who, without the licence of the copyright owner, among others, possesses for the purpose of or in the course of any trade or business or sells or lets for hire, or offers or exposes for sale or hire a copy of a work which is, and which he knows or has reason to believe to be, an infringing copy of the work.

The Copyright Ordinance also imposes criminal liability under section 118 which provides that a person commits an offence if he, without the consent of the copyright owner of a copyright work, makes for sale or hire an infringing copy of the work or

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possesses an infringing copy of the work with a view to its being, among others, sold or let for hire by any person for the purpose of or in the course of that trade or business.

There is a specific provision against copying service business under section 119A of the Copyright Ordinance which imposes criminal liability when a person, for the purpose of or in the course of a copying service business, possesses a reprographic copy of a copyright work as published in a book, magazine or periodical, being a copy that is an infringing copy of the copyright work. The Copyright Ordinance provides, among other defences, that it is a defence for the person charged to prove that he did not know and had no reason to believe that the copy of a copyright work in question was an infringing copy of the copyright work.

The Copyright Ordinance provides any person who contravenes section 118 or section 119A of the Copyright Ordinance shall be guilty of an offence and shall be liable to a fine of HK\$50,000 and to imprisonment for 4 years.

The Directors confirm that they do not have any actual knowledge nor have any reason to believe that any materials submitted by the customers to our Group for printing is an infringing copy of any work within the meaning of the Copyright Ordinance.

Trade Marks Ordinance

The Trade Marks Ordinance (Chapter 559 of the Laws of Hong Kong) provides for the registration of trade marks, the use of registered trade marks and the related matters. Hong Kong provides territorial protection for trade marks. Therefore, trade marks registered in other countries or regions are not automatically entitled to protection in Hong Kong. In order to enjoy protection by the laws of Hong Kong, trade marks must be registered with the Trade Marks Registry of the Intellectual Property Department under the Trade Marks Ordinance and the Trade Marks Rules (Chapter 559A of the Laws of Hong Kong).

Under section 10 of the Trade Marks Ordinance, a registered trade mark is a property right obtained by registration of the trade mark under the ordinance. The owner of a registered trade mark has the rights and is entitled to the remedies provided by the ordinance.

Under section 14 of the Trade Marks Ordinance, the owner of a registered trade mark has the exclusive rights in the trade mark. The rights of the owner of a registered trade mark have effect from the date of the registration of the trade mark. Under section 48 of the Trade Marks Ordinance, the registration date is the filing date of the application for registration.

Subject to the exceptions in sections 19 to 21 of the Trade Marks Ordinance, any use of the trade mark by third parties without the consent of the owner is an infringement of the trade mark. Conducts which amount to infringement of the registered trade mark are further specified in section 18 of the Trade Marks Ordinance.

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The owner of the registered trade mark is entitled to remedies under the Trade Marks Ordinance once any infringement by third parties occurs, such as infringement proceedings provided for in sections 23 and 25 of the Trade Marks Ordinance.

Trade marks which are not registered under the Trade Marks Ordinance and the Trade Marks Rules may still obtain protection by the common law action of passing off, which requires proof of the owner's reputation in the unregistered trade mark and that use of the trade mark by third parties will cause damages to the owner.

HISTORY, DEVELOPMENT AND REORGANISATION

BUSINESS HISTORY AND MILESTONES

The history of our Group dates back to 1997 when our Controlling Shareholders, Mr Samson Fung and his younger brother, Mr David Fung, acquired the entire issued share capital in A W Printing at total consideration of HK\$0.54 million (or HK\$1.8 per share) from Independent Third Parties. As our Group's business grew, Mr Samson Fung and Mr David Fung established Hang Sang (Siu Po) in 1999 with issued and paid share capital of 100,000 shares at HK\$1.00 each through which our Group's production business was and is carried out. The acquisition of A W Printing and establishment of Hang Sang (Siu Po) were funded by Mr Samson Fung's and Mr David Fung's personal saving. Mr Samson Fung and Mr David Fung are our Controlling Shareholders as they are brothers who together hold HSSP and are together entitled to exercise, or control the exercise of, 30% or more of the voting power at general meetings of our Company immediately after completion of the Share Offer through HSSP. HSSP will directly control 75.0% of the enlarged issued share capital of our Company immediately after completion of the Share Offer.

A W Printing is principally engaged in the trading of apparel labels and packaging printing products while Hang Sang (Siu Po) is principally engaged in the manufacturing and sale of apparel labels and packaging printing products. Our major business milestones are set out below:

December 1997	Acquisition of A W Printing.
November 1999	Hang Sang (Siu Po) was incorporated.
May 2000	We entered into a software development agreement with an Independent Third Party to assist in performing a requirement analysis and development of sale and work order system (the “ ERP system ”) and provide the required information technology consulting service. According to our Directors, this was tailor-made for our business and improved business cycle efficiency through product planning, production delivery, sales and marketing, inventory management, shipping and payment.
June 2000 and January 2001	We entered into contracts for the acquisitions of two new printing machines: both are five-colour offset printing machines of a German brand, which enabled us to increase our production capacity, efficiency and output.
May 2004	We completed installation of a computer-to-plate machine. The image created is output directly to a printing plate. The machine improved production efficiency and quality control standards.

HISTORY, DEVELOPMENT AND REORGANISATION

October 2007	We received certification from Forest Stewardship Council (“FSC”) which was valid from 26 October 2007 until 25 October 2012, certifying that products of Hang Sang (Siu Po) met the requirements of chain-of-custody by purchasing FSC certified mixed and recycled paper, production and sale of FSC certified mixed and recycled printed paper products.
February 2009	We received “The Best Raw Material Supplier – 2008 (Trims Group)” award from a Garment Brand Company.
July 2013	We entered into an agreement for the acquisition of a six-colour offset printing machine of a German brand which has relatively short make-ready time as well as consistent high production speed.
November 2013	We received certification from FSC which was valid from 26 November 2013 until 25 October 2017, certifying that products of Hang Sang (Siu Po) met the requirements of chain-of-custody by purchasing FSC certified mixed and recycled paper, production and sale of FSC certified mixed and recycled printed paper products.
March 2014	We received certification of qualification for the period from 1 March 2014 to 28 February 2015 that Hang Sang (Siu Po) has achieved the level of G7 Master Qualification by demonstrating through production of print and/or proofing, the knowledge and skill required and the fundamental practices essential to meeting the G7 methodology in a graphic communications production environment.
March 2015	We received certification of qualification for the period from 1 March 2015 to 29 February 2016 that Hang Sang (Siu Po) has achieved the level of G7 Master Qualification by demonstrating through production of print and/or proofing, the knowledge and skill required and the fundamental practices essential to meeting the G7 methodology in a graphic communications production environment.
March 2016	We received certification of qualification for the period from 1 March 2016 to 28 February 2017 that Hang Sang (Siu Po) has achieved the level of G7 Master Qualification by demonstrating through production of print and/or proofing, the knowledge and skills required and the fundamental practices essential to meeting the G7 methodology in a graphic communications production environment.

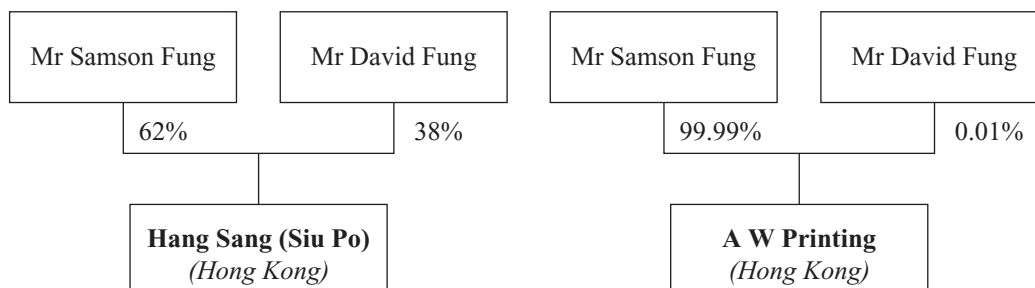
HISTORY, DEVELOPMENT AND REORGANISATION

GROUP STRUCTURE AND REORGANISATION

Our Company was incorporated in the Cayman Islands on 8 October 2015. Through the Reorganisation, our Company became the holding company of our subsidiaries, details of which are set out in the paragraph headed “A. Further information about our Group – 5. Corporate reorganisation” in Appendix IV to this prospectus. As at the date of this prospectus, our Company is wholly-owned by HSSP which is, in turn, 62% owned by Mr Samson Fung and 38% by Mr David Fung. As at the date of this prospectus, our Company, through Hang Sang (Siu Po) Holding, owns 100% of all of our subsidiaries.

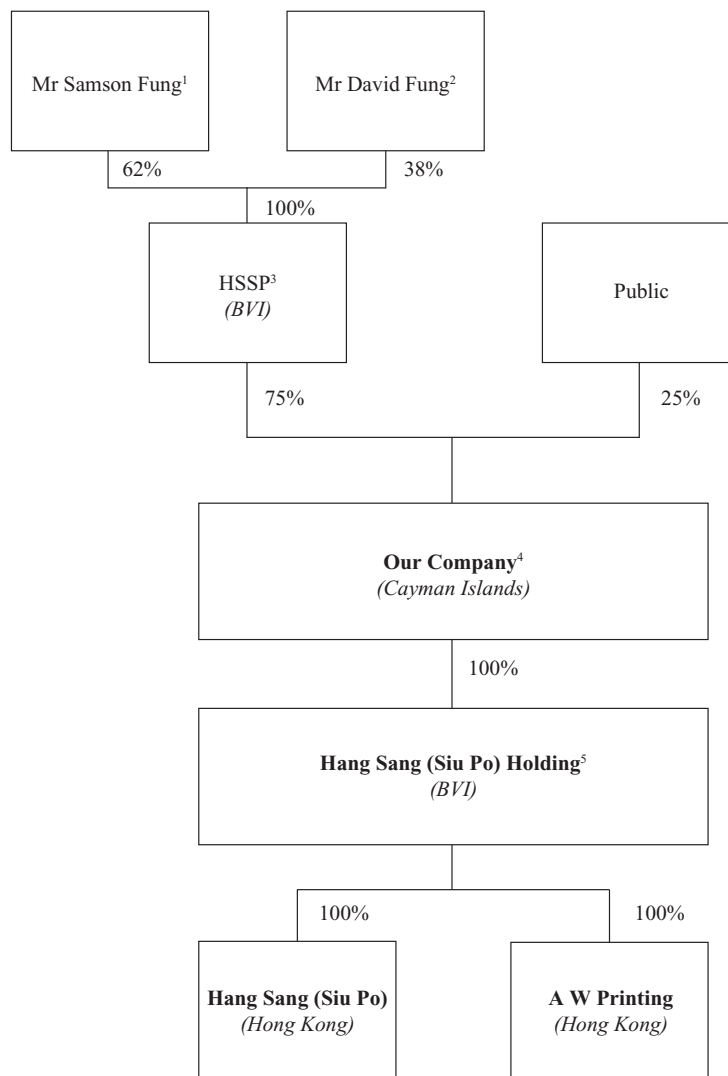
Group structure

The shareholding structure of the members of our Group before the Reorganisation is set out below:



HISTORY, DEVELOPMENT AND REORGANISATION

The shareholding structure of the members of our Group upon the completion of the Reorganisation, the Capitalisation Issue and the Share Offer (assuming that no Shares are issued pursuant to any options which may be granted under the Share Option Scheme) is set out below:



Notes:

- 1 Mr Samson Fung is our chairman, the chief executive officer and an executive Director.
- 2 Mr David Fung is our senior vice president and an executive Director.
- 3 HSSP was incorporated in the BVI with limited liability on 8 October 2015, which is 62% owned by Mr Samson Fung and 38% by Mr David Fung. It is authorised to issue up to a maximum of 50,000 shares of HK\$0.10 each. On 8 October 2015, 62 shares and 38 shares in HSSP were allotted and issued to Mr Samson Fung and Mr David Fung, respectively, at HK\$0.10 per share.
- 4 Our Company was incorporated in the Cayman Islands on 8 October 2015 with one fully paid Share allotted and issued to Sharon Pierson as the initial subscriber. On 8 October 2015, such Share was transferred to HSSP for HK\$0.01 and a further 99 Shares were allotted and issued to HSSP at par value. HSSP became the holding company of the companies comprising our Group upon completion

HISTORY, DEVELOPMENT AND REORGANISATION

of the Reorganisation in preparation for the Listing. Further details of the Reorganisation are set out in the paragraph headed “A. Further information about our Group – 5. Corporate reorganisation” in Appendix IV to this prospectus.

- 5 Pursuant to the Reorganisation Agreement, Hang Sang (Siu Po) Holding acquired the entire issued share capital of Hang Sang (Siu Po) and A W Printing from Mr Samson Fung and Mr David Fung in consideration of our Company allotting and issuing, credited as fully paid, 4,000,000 Shares to HSSP at the direction of Mr Samson Fung and Mr David Fung.

Subsidiaries of our Company and their principal business activities

Hang Sang (Siu Po)

Hang Sang (Siu Po) was incorporated in Hong Kong with limited liability on 12 November 1999 with an authorised share capital of HK\$100,000 divided into 100,000 shares of HK\$1.00 each. On incorporation, 62,000 shares and 38,000 shares of Hang Sang (Siu Po) were held by Mr Samson Fung and Mr David Fung, respectively.

Pursuant to the Reorganisation Agreement, Hang Sang (Siu Po) Holding acquired 62,000 shares and 38,000 shares of Hang Sang (Siu Po) from Mr Samson Fung and Mr David Fung, respectively. In consideration of the above transfers of shares, our Company allotted and issued 1,000,000 Shares, credited as fully paid, to HSSP at the direction of Mr Samson Fung and Mr David Fung.

Hang Sang (Siu Po) currently mainly engages in the manufacturing and sale of apparel labels and packaging printing products.

A W Printing

A W Printing was incorporated in Hong Kong with limited liability on 29 November 1994 with an authorised share capital of HK\$500,000 divided into 500,000 shares of HK\$1.00 each. On incorporation, one share of A W Printing was held by Santas Secretarial Limited and one share of A W Printing was held by Qantas Secretarial Services Limited.

On 16 December 1994, the above two subscribers' shares of A W Printing were transferred to two Independent Third Parties, namely Marco (Nominees) Limited and Polo (Nominees) Limited, respectively, for HK\$1.00 per share.

On 18 March 1995, Marco (Nominees) Limited and Polo (Nominees) Limited were allotted and issued 199,999 shares and 99,999 shares of A W Printing, respectively, for HK\$1.00 per share.

On 24 December 1997, 200,000 shares and 99,999 shares of A W Printing were transferred from Marco (Nominees) Limited and Polo (Nominees) Limited, respectively, to Mr Samson Fung for HK\$1.80 per share, and one share of A W Printing was transferred from Polo (Nominees) Limited to Mr David Fung for HK\$1.80 per share.

HISTORY, DEVELOPMENT AND REORGANISATION

Pursuant to the Reorganisation Agreement, Hang Sang (Siu Po) Holding acquired 299,999 shares and one share of A W Printing from Mr Samson Fung and Mr David Fung, respectively. In consideration of the above transfers of shares, our Company allotted and issued 3,000,000 Shares, credited as fully paid, to HSSP at the direction of Mr Samson Fung and Mr David Fung.

A W Printing currently mainly engages in the trading of apparel labels and packaging printing products.

Hang Sang (Siu Po) Holding

On 8 October 2015, Hang Sang (Siu Po) Holding was incorporated in the BVI with limited liability which is authorised to issue up to a maximum of 50,000 shares of HK\$0.10 each. On incorporation, Hang Sang (Siu Po) Holding was wholly-owned by our Company and 100 shares of Hang Sang (Siu Po) Holding were held by our Company.

Hang Sang (Siu Po) Holding currently is the intermediate holding company of our Group.

Reorganisation

Further details of the Reorganisation are set out in the paragraph headed “A. Further information about our Group – 5. Corporate reorganisation” in Appendix IV to this prospectus.

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OVERVIEW

We are principally engaged in the manufacturing and sale of apparel labels and packaging printing products to customers which comprised mainly garment manufacturers and garment related accessories trading companies, and occasionally to garment brand companies.

We generated revenue from local and overseas markets including but not limited to South Korea, Taiwan, Vietnam, China, India, Indonesia, Sri Lanka and the United States. During the Track Record Period and up to the Latest Practicable Date, our products were mainly sold to garment manufacturers and garment related accessories trading companies, ultimately for the use as labels on or packaging materials for finished garments of the Garment Brand Companies.

Our history dates back to 1997 when our Controlling Shareholders, Mr Samson Fung and Mr David Fung, acquired the entire issued share capital in A W Printing from Independent Third Parties. As our Group's business grew, Mr Samson Fung and Mr David Fung established Hang Sang (Siu Po) in 1999 through which our Group's production business was and is carried out. Since then, we have developed our production capabilities and skills for the production of quality apparel labels and packaging printing products. We have also maintained working relationship with the Garment Brand Companies for more than 8 years.

Our products include:

- hangtags;
- size tapes;
- labels (such as woven labels, heat transfer labels and printed labels);
- header cards;
- stickers;
- price tickets;
- plastic packaging bags; and
- packaging boxes.

The apparel hangtags and labels printed by our Group are largely accessories attached to garments. Apparel hangtags are paper tags attached to garments by strings or plastic swift tags. Apparel labels are mainly attached to garments and are made of either synthetic paper or woven or transferred directly onto garment fibres by way of heat transfer technology. Depending on customers' requirements, our apparel hangtags and labels are typically produced according to the designs and specifications approved by the relevant garment brand companies.

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Our production facilities, office and warehouses are located in Hong Kong with a total usable area of approximately 33,000 sq.ft. As at the Latest Practicable Date, we had ten printing machines, three die-cutting machines, two paper-cutting machines, two platesetters, two plate processors, one round-corner machine, one tapping machine and seven digital thermal printers.

We produce our products either: (i) all by ourselves in Hong Kong; (ii) through subcontracting certain production processes to other independent subcontractors; or (iii) through subcontracting the entire production to other independent subcontractors. We engage external subcontractors mainly for: (i) the provision of printing finishing services, which we consider as more labour intensive, such as certain die-cutting processes, hot stamping, grommeting, paper lamination and hangtag or label stringing; and (ii) the production of certain products which are non-paper products or involve technologies that our Group currently does not have, such as woven labels, plastic packaging bags and heat transfer labels. For each of the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015, the total amount paid to these subcontractors accounted for approximately 28.9%, 26.4%, 29.7% and 26.2%, respectively, of our cost of sales.

As at the Latest Practicable Date, we had a total of 101 full-time employees.

The principal raw materials used by our Group in production are paper, and ink and chemical components, which accounted for approximately 44.3%, 44.5%, 38.5% and 42.9% of our total purchases of materials and services (including subcontracting services) from our suppliers for each of the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015, respectively.

For the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015, we generated revenue of approximately HK\$119.6 million, HK\$126.3 million, HK\$133.1 million and HK\$44.4 million, respectively. Our profit and total comprehensive income for the same period was approximately HK\$19.8 million, HK\$23.3 million, HK\$27.5 million and HK\$4.5 million, respectively.

COMPETITIVE STRENGTHS

Our Directors believe that our historical success and future prospects are underpinned by a combination of the following competitive strengths:

We have established and maintained long-standing working relationships with the Garment Brand Companies.

We have over 15 years operating history in the manufacturing and sale of apparel labels and packaging printing products. With years of continual efforts to offer quality printing products, we have established our reputation in the industry. We have more than 8 years of working relationships with the Garment Brand Companies. We occasionally sell our

BUSINESS

products directly to the Garment Brand Companies or mainly to garment manufacturers or garment related accessories trading companies, ultimately for the use as labels on or packaging materials for finished garments of the Garment Brand Companies.

The table below sets out the background of each of the Garment Brand Companies:

	Main business activities	Working relationship with our Group starting from
Garment Brand Company A (Note 1)	A leading casual apparel and accessories brand company and retailer in the United States, selling its branded apparel and accessories through its own retail stores	2007
Garment Brand Company B (Note 1)	A top apparel brand company in the United States and a leading global apparel retail company, offering mainly apparel and accessories for different consumer demographics under several world famous casual wear brands	2002
Garment Brand Company C (Note 2)	One of the largest outdoor and active lifestyle apparel and footwear companies in the world, operating its own brand and several other brands	2002
Garment Brand Company D	A company developing and sourcing merchandise for the private brands and labels of a leading fashion specialty retailer which offers merchandise including apparel, shoes, accessories, cosmetics and other fashion items (Note 3)	2004

Note 1: Garment Brand Company A and Garment Brand Company B are listed on the New York Stock Exchange.

Note 2: Garment Brand Company C is listed on the NASDAQ Stock Market.

Note 3: Garment Brand Company D is one of the operating divisions of a leading fashion specialty retailer which is listed on the New York Stock Exchange.

Our Directors believe that our working relationships with the Garment Brand Companies have indicated their recognition of the quality of our products and are a result of our years of trusting cooperation with them. We consider that this recognition and goodwill is a key factor leading to our success in the industry. Please refer to the paragraph headed

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under “Global market position and market share of the Garment Brand Companies” of “Apparel label and packaging printing” in the “Industry Overview” section of this prospectus for the business activities and market position of the Garment Brand Companies.

We have a strong management team with in-depth knowledge in the industry and we have fostered a supportive workplace culture.

Mr Samson Fung, our chairman, chief executive officer, an executive Director and a co-founder of our Group, has over 15 years of experience in the apparel label and packaging product printing industry and has played a key management and leadership role in the development of our Group. Under the leadership of Mr Samson Fung, our Group has fostered a supportive workplace culture, which offers a platform to attract and retain employees.

Our senior management also has extensive experience in the industry. Please refer to the section headed “Directors, Senior Management and Employees – Senior management” of this prospectus for relevant details. The pool of valuable knowledge and skills in the senior management has been critical to the efficiency of the production process and the development of the business as a whole. With their experience and expertise, our Directors believe that our senior management will be able to steer the continual growth of our Group. Our Directors confirmed that our Group retains a low turnover rate in senior management and production team. The stability enables relevant personnel to develop in-depth industry knowledge for efficient and effective operations of our Group’s business, and for stable quality of production.

BUSINESS STRATEGIES

Our overall business objective is to become a leading manufacturer of apparel labels and packaging printing products in Hong Kong. To achieve this objective, we have formulated the following major business strategies:

Expand our production capacity.

According to the EY Advisory Report, there is no dominant global player in the apparel label and packaging printing industry. The top player accounts for about an estimated 5% to 8% of the global market share with thousands of small players in the industry with less than US\$10 million revenue a year. Hang Sang (Siu Po) is one of the many exporters in the apparel label and packaging printing sector in Hong Kong which together contributed 2% to 3% share of the total Hong Kong export value in 2014. Hang Sang (Siu Po) is competing with global leading players to serve those leading apparel brands and has built up its competitive strengths including sound reputation, high product quality as well as solid relationship with customers in the globe after years of development. Despite the fact that the estimated utilisation rate of our printing machines declined during the Track Record Period, we intend to acquire one set of six-colour offset printing machine with a view to enhance our ability to meet the increasing demand on product quality and production lead time of our apparel labels and packaging printing products from our customers. Please refer to the sub-paragraph headed “Production capacity” of “Production” under this section below for details.

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We expect that the new six-colour offset printing machine will be in operation in the second half of the year 2016 and may replace certain existing machine(s) as appropriate. Except for the existing six-colour offset printing machine, all printing machines of the Group as at the Latest Practicable Date were fully depreciated. If replacement of printing machine(s) does take place, our Company would target to replace printing machine(s) which has or have been fully depreciated. As such, no impairment provision would be required. Please also refer to the paragraph headed “Production capacity” in this section of this prospectus for details of our existing production capacity and utilisation rate. We plan to finance the new printing machine by approximately 43.2% (or approximately HK\$13.0 million) of the net proceeds (based on the Offer Price of HK\$1.23, being the midpoint of the indicative Offer Price range of HK\$1.10 to HK\$1.36 per Offer Share) from the Share Offer.

The new six-colour offset printing machine is a printing machine with six printing units. Our Directors advised that this printing machine could print six colours by one pass of printing and will be equipped with a tower coater for water-based varnish. It is expected that the new six-colour offset printing machine will enhance production efficiency and cost effectiveness because: (i) it can reduce number of pass required for printing multi-colour products (please refer to the sub-paragraph headed “Offset printing” under “Production process” of “Production” in this section for the advantage of printing machine with more printing units), which can save production time and enable us to complete orders for delivery to our customers faster and may attract more orders to our Group; (ii) reduced number of pass in printing also means that we can save manpower, time and cost for washing, printing plate changes, colour tone adjustments and re-registration of printing images and drying of ink; and (iii) the cost of water-based varnish is much lower than ultraviolet oil-based varnish that is utilised by other offset printing machines of our Group. The acquisition of the new six-colour offset printing machine would enhance our Group’s capacity for producing multi-colour products. Based on the above, our Directors believe that competitiveness of our Group can be strengthened and there will be positive impact to our profitability following the acquisition of the new six-colour offset printing machine.

Having considered the performance of our existing six-colour offset printing machine, the thickness of paper and colour requirements for our products currently printed by using such printing machine, our Directors estimate that the production capacity of the new six-colour offset printing machine would be around 8,000 impression per hour. Based on the experience and to the best knowledge of our Directors, overall performance of the new six-colour offset printing machine will depend on many different parameters, such as ink, coatings and drying of ink, thickness of paper, complexity of colour mix and design.

Expand our sales and marketing team.

Our Directors intend to explore business opportunities with new customers which directly or indirectly sell garments or apparel labels and packaging printing products to other garment brand companies (other than the Garment Brand Companies) in the United States or in other countries. To accomplish this, our Directors intend to increase the headcount of sales and marketing staff in Hong Kong who serve as our point of contact with potential customers or such other garment brand companies, and/or to appoint additional marketing services consultant(s) (where appropriate) in the countries in which our potential customers and/or such other garment brand companies are located to offer more direct interactions.

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Based on our preliminary plan and estimate, we intend to allocate approximately 11.6% (or approximately HK\$3.5 million) of the net proceeds (based on the Offer Price of HK\$1.23, being the midpoint of the indicative Offer Price range of HK\$1.10 to HK\$1.36 per Offer Share) from the Share Offer for undertaking the above expansion strategies.

Research and develop the know-how of the application of heat transfer technology.

Our apparel hangtags are mainly printed on paper, and our apparel labels are produced by woven, or printed on synthetic paper or heat transfer materials. Apparel hangtags are attached to garments by strings or plastic swift tags, and apparel labels are mainly attached to garments or transferred directly onto garment fibres by way of heat transfer technology.

As mentioned in the section headed “Industry Overview – Heat Transfer Technology” in this prospectus, heat transfer technology has gained significant importance and favour in several industries, especially in the apparel industry.

Although heat transfer technology itself is a well-established technology, it is not a commodity technology as such and the application of the heat transfer technology requires know-how and experience. Our Group needs to conduct research and development in respect of appropriate ink mixing technique and formulation in order to improve crackability and durability of products so that customers’ needs and requirements are met. Each fabric and printing material has its own properties and appropriate mixing of inks differs for different types of fabric contents and printing materials. Hence, the know-how of the application of heat transfer technology needs continual development and to be fine-tuned to satisfy customers’ needs and requirements. Our Directors also consider that the development of our own know-how of the application of heat transfer technology will diversify our own product range which might attract more business to our Group from our existing customers or new customers, enhancing our competitive strength in the apparel label and packaging product printing industry.

During the Track Record Period, we engaged and relied upon external independent subcontractors to produce heat transfer apparel labels for our customers. Although we may continue to outsource the production of these products to our subcontractors, we may have to incur more time and resources in communicating with them about such product requirements and specifications of our new customers and/or different requirements of our existing customers. Further, there is no assurance that our subcontractors would possess the appropriate know-how to meet our requirements in such circumstances. Moreover, the subcontractors’ production capacity and/or schedule may not always fit with our customers’ demands. If our Group continues to engage external independent subcontractors to produce heat transfer apparel labels, our Group will not be able to reduce our perceived reliance on such subcontractors thus making it difficult for us to negotiate with them for better pricing for the subcontracting production of heat transfer apparel labels.

For the above reasons, our Directors consider that if we do not possess the know-how of the application of heat transfer technology, we may risk not being able to meet the needs and requirements of our customers through our subcontractors, which in turn would hinder our business expansion.

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Instead of acquiring from an outside party, our Directors are of the view that it is beneficial to the Group to develop its own know-how of the application of heat transfer technology. Our Directors consider that it is the application of the heat transfer technology, rather than the technology itself, which requires know-how and experience in terms of ink-mixing technique and there is no such know-how which can be readily purchased and immediately adopted by us. In addition, there is uncertainty on whether the know-how of the application of heat transfer technology we have selected and purchased could eventually match with our needs and requirements, as it is practically difficult to single out the exact application know-how we need from the know-how offered to us by potential sellers. Even if we manage to find potential sellers with the appropriate know-how, there is no guarantee that it could be successfully integrated with our own operations. Commercially, even if such potential sellers are willing to sell their know-how to our Group, if such know-how is valuable to the potential sellers, the potential sellers may sell the know-how at a price higher than their development costs to capture the embedded value, or may require us to purchase the entire operations which may encompass other assets and liabilities which we may not need. Also, we may not be able to purchase such know-how on commercial terms acceptable by us.

Having considered the various options available to our Group to acquire know-how of the application of heat transfer technology and the nature of the know-how which is specific to particular types of products and customers' requirements, our Directors consider that it is more cost effective for us, as well as in the interest of our Group's long-term business development and expansion, to conduct our own research and development.

To implement our research and development plan, we intend to set up a laboratory and establish a R&D team for research and development regarding the know-how of the application of heat transfer technology. This will involve the renting of premises, renovation and hiring suitable individuals for the R&D team who have the experience and knowledge to develop the application of heat transfer technology for our Group. Our Directors understand that there is no specific academic or scientific background required for such individuals and their experience and knowledge are more important. The primary tasks of our R&D team are to develop ink formulae suitable for different types of fabric contents and printing materials and to conduct laboratory tests to ensure that products with such ink formulae satisfy customers' needs and requirements. The duration and other terms of the appointment of such R&D team members depend on commercial negotiations between them and our Group. There is no assurance that a long-term service contract can be entered into. The contract with the relevant R&D team member may also be terminable by either party by giving prior notice to the other party.

We intend to allocate approximately 24.3% (or approximately HK\$7.3 million) of the net proceeds (based on the Offer Price of HK\$1.23, being the midpoint of the indicative Offer Price range of HK\$1.10 to HK\$1.36 per Offer Share) from the Share Offer for undertaking the above heat transfer technology related strategy.

Our Company is of the view that the net proceeds of approximately HK\$7.3 million for the research and development regarding the know-how of the application of heat transfer technology will be sufficient because such research and development is expected to predominately involve the research and laboratory work in developing formula of ink and chemical components for the use on heat transfer apparel labels, and will not heavily involve

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machinery and equipment. Our Directors also confirmed that during the research and development process, materials such as ink and chemical components will be used and costs of the materials will not be substantial. Approximately HK\$7.3 million is estimated to be required based on the set up and monthly cost of the laboratory, which includes decoration, rental and staff cost, and our Directors advised that this represents a budget for our research and development of the know-how of the application of heat transfer technology in the next five years after Listing under our existing business plan and market conditions. Our Directors consider this represents a more financially prudent way to acquire the know-how than purchasing from an outside party which would incur a substantial upfront lump sum payment.

The know-how of the application of heat transfer technology may or may not involve patents (which may be registrable only if there are elements of innovation) and the relevant intellectual properties to be developed by our R&D team members are mainly the relevant know-how which is not registrable and the protection is governed by contracts. In view of this, our Group has designated our company secretary and will engage external legal advisers to ensure that the service contracts with our R&D team members will contain provisions on confidentiality and provisions which require that the business know-how and intellectual properties of such application developed by our R&D team members are the property of our Group.

Continue to upgrade our ERP system.

As our business continues to grow, in order to meet new challenges and facilitate the implementation of more efficient and effective production and operational plans, we strive to continue to upgrade our ERP system. Engagement of external service provider(s) may be required for the upgrade in future. However, as at the Latest Practicable Date, no such external service provider(s) had been identified. We estimate that the aggregate costs and expenses for upgrading our ERP system will be approximately HK\$2.5 million which is planned to be financed by approximately 8.3% of the net proceeds (based on the Offer Price of HK\$1.23, being the midpoint of the indicative Offer Price range of HK\$1.10 to HK\$1.36 per Offer Share) from the Share Offer.

Expand and/or upgrade production facilities and/or develop potential projects through acquisition and/or cooperation.

In order to acquire new customer base and to strengthen production capabilities, business development and professional expertise, our Group will constantly seek acquisition or cooperation opportunities with other industry players, which engage in the business similar to that of any of our existing subcontractors. As at the Latest Practicable Date, our Group has not yet identified any target for acquisition or cooperation. We intend to allocate approximately 10.6% (or approximately HK\$3.2 million) of the net proceeds (based on the Offer Price of HK\$1.23, being the midpoint of the indicative Offer Price range of HK\$1.10 to HK\$1.36 per Offer Share) from the Share Offer if and when appropriate and opportunities arise.

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IMPLEMENTATION PLAN

In order to implement the above strategies, our Group has prepared an implementation plan. The following implementation plan only reflects our Directors' current understanding of the market situation. Our Directors will use their best endeavours to anticipate changes, yet allowing flexibility, to implement the following plan:

For the period from the Latest Practicable Date to 30 June 2017

Objectives	Activities	Use of proceeds (Approximately HK\$ million)
Expand our production capacity	Our Group will acquire one set of six-colour offset printing machine	13.0
Expand our sales and marketing team	Our Group will increase overseas travelling budget and the headcount of sales and marketing staff in Hong Kong, and/or to appoint additional marketing services consultant(s) (where appropriate) in the countries in which our potential customers and/or such other garment brand companies are located	3.5
Research and develop the know-how of the application of heat transfer technology	Our Group will rent new premises and incur renovation costs for setting up heat transfer laboratory ¹	3.4
	Our Group will hire an expert team for research and development of the know-how of the application of heat transfer technology ¹	3.9
Continue to upgrade our ERP system	Our Group will enter into contract with external service provider to upgrade our ERP system	2.5

Notes:

- Depending on the terms of the new lease, the renovation costs, and the terms of hiring an expert team regarding the heat transfer technology, we may re-allocate the use of proceeds between these two activities, and the re-allocation of the proceeds between these two activities does not constitute a change in the use of proceeds as long as the use of the proceeds relates to research and development of the know-how of the application of heat transfer technology.
- The above indicates implementation plan of our Group for the period from the Latest Practicable Date to 30 June 2017, which does not reflect timing of actual cash outflow of the use of proceeds.

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For the period from 1 July 2017 to 30 June 2018

Objectives	Activities	Use of proceeds <i>(Approximately HK\$ million)</i>
Expand and/or upgrade production facilities and/or develop potential projects through acquisition and/or cooperation	Our Group will constantly seek acquisitions or cooperation opportunities with other industry players, which engage in the business similar to that of any of our existing subcontractors	3.2

To the extent that the net proceeds of the Share Offer are either more or less than expected, we will adjust our allocation of the net proceeds for the above purposes on a pro-rata basis.

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Most of the major garment brand companies retain control on the selection of approved suppliers at the stage of new product development. Based on the EY Advisory Report, garment brand companies normally take the role of design of their products, and, in general, will place orders to garment manufacturers to outsource the manufacturing process. In order to ensure product quality, garment brand companies often maintain and determine a list of “approved suppliers” for raw materials (including packaging materials for finished garment products, such as paper tags, woven tags, printed fabric labels, graphic paper tags, cards, heat-transfer labels, boxes and bags) and production services based on price quotations and quality of product samples provided by various potential suppliers.

Prior to the launch of new garment products, garment brand companies will release material specifications to, and seek price quotations and product samples from, the suppliers of packaging materials for finished garments (such as our Group). Garment brand companies will then select and determine their own lists of approved packaging material suppliers. Garment manufacturers will usually be informed by the relevant garment brand company about the approved suppliers list(s). Upon receipt of orders from the garment brand companies, garment manufacturers will commence production of garment products and may choose and negotiate on the pricing and/or other terms (such as quantity, packaging, delivery date and payment terms) with supplier(s) from the lists approved by garment brand companies for sourcing packaging materials for finished garments.

Occasionally, garment manufacturers may source packaging materials from garment related accessories trading companies. To the best knowledge of our Directors, these garment related accessories trading companies may obtain from the garment manufacturers information of packaging material suppliers on the lists approved by the relevant garment brand companies. Garment manufacturers purchasing from garment related accessories trading companies would ensure that the packaging materials supplied have been approved by the relevant garment brand companies by verifying the product identity codes assigned by

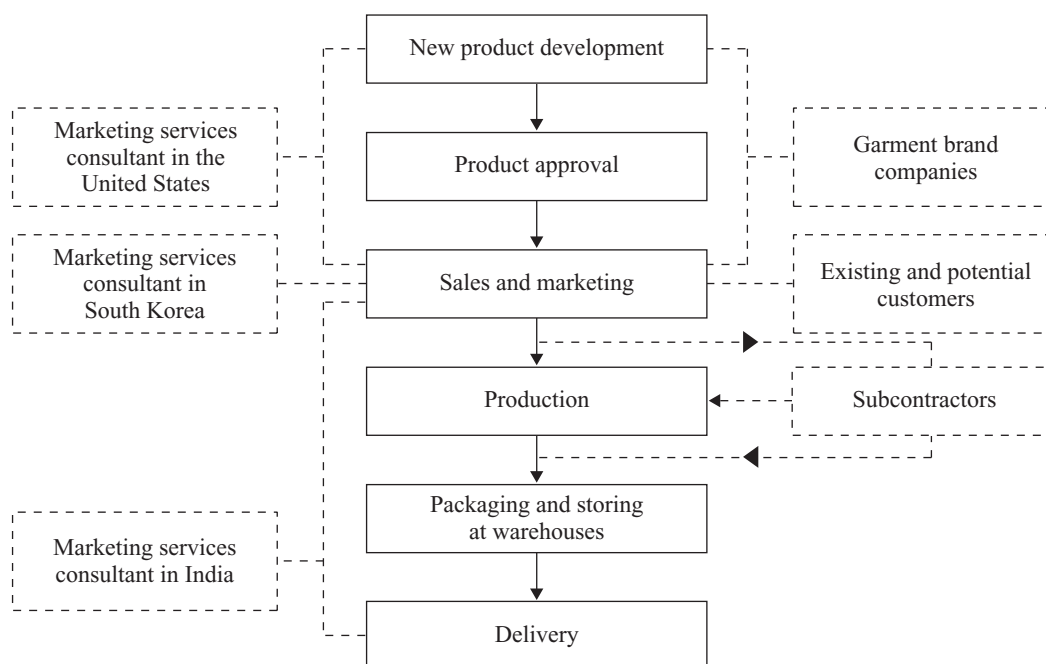
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the relevant garment brand company as shown on the invoices. They would also request the garment related accessories trading companies to provide invoices issued by the ultimate packaging material supplier(s) in order to confirm that the ultimate packaging material supplier(s) is or are approved supplier(s) of the relevant garment brand companies. The role of garment related accessories trading companies in the supply chain is sourcing various garment related accessories including packaging materials for finished garments from different ultimate suppliers which may be located in different countries. This enables garment manufacturers to make purchases of a variety of garment related accessories from one or a few source(s), and, thus, enhancing the efficiency of their purchases. This is particularly important for garment manufacturers in countries lacking in local access to qualified or approved suppliers, and such garment manufacturers may have to source garment related accessories from other countries. By consolidating their purchases to one or a few garment related accessories trading company(ies), these garment manufacturers will be able to enhance efficiency and achieve cost effectiveness in their procurement process.

Based on our previous dealings with customers, our Directors consider that, in general, the entire ordering process with garment manufacturers or garment related accessories trading companies does not require any approvals from the relevant garment brand companies.

Our business operation

We set out below a simplified chart showing the key phases of our business operation:



New product development

- (i) We receive the designs and specifications released by the garment brand companies for new products, either directly or (if in the United States) through our marketing services consultant in the United States. Price quotation process may be initiated by the garment

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brand companies before the submission of product samples to garment brand companies for approval. To the best knowledge of our Directors, when new projects are launched, the garment brand companies may provide artwork and product specification (if any) to some suppliers for quotation purpose. Based on information provided by the relevant garment brand company, our Group will give price quotation and other terms to the garment brand company to consider, such as minimum order quantity and lead time of delivery. To the best knowledge of our Directors, relevant garment brand company may request further information from and/or negotiate on the pricing with our Group or other approved suppliers of the garment brand company in order to choose the supplier(s) for the new project. Our Group's marketing services consultant in the United States is required to seek consent from the management of our Company before price quotations can be provided to or pricing can be agreed with garment brand companies in the United States.

Our Directors understand that our Group has not been given any product and/or geographical exclusivity by any of the garment brand companies. Based on the working experience with the garment brand companies, our Directors believe that pricing and terms such as minimum order quantity and lead time of delivery, reputation of suppliers, nature and size of projects launched by the garment brand companies and production capacities of the suppliers could be part of the selection criteria. Our Group is one of the suppliers approved by the garment brand companies. It was able to obtain approvals from garment brand companies on designs and specifications of products as required by customers.

- (ii) The product development team in our sales department (a) works together with our production department, data processing department and/or subcontracting department to produce new product samples based on the garment brand companies' designs and specifications, and (b) discusses with the garment brand companies (either directly or through the relevant marketing services consultant) on the choice of colour, paper quality and design of the new products in more effective way in order to produce the new products cost effectively. When required, our data processing department inputs garment information, such as bar code, style, size, country of origin and fabric information to our database system such that all such information is linked to a particular product.

Product approval

New product samples are presented to the garment brand companies for approval, either directly or (if in the United States) through our marketing services consultant in the United States, such that our Group may accept orders from their designated garment manufacturers for such products.

Sales and marketing

- (i) We conduct our sales and marketing by our sales department and by engaging our marketing services consultants.

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- (ii) Our sales department focuses primarily on the promotion of sales mainly to the garment manufacturers and garment related accessories trading companies. It has been putting efforts in promoting business, sourcing and/or following up orders (such as production and delivery schedules) from potential and existing customers.
- (iii) We have three marketing services consultants located in the United States, South Korea and India, respectively, responsible for providing various services.
- (iv) Our marketing services consultant in the United States coordinates and liaises with certain garment brand companies in the United States on the pricing of our products. In relation to other garment brand companies in the United States and those located in other countries, we generally liaise with them on our own directly on the pricing of our products. This may occur simultaneously and/or interchangeably with the process of obtaining product sample approval from such garment brand companies. The marketing services consultant in the United States is also responsible for, among others, promoting and marketing our apparel labels and packaging printing products and our printing services in the United States, seeking orders for our products in the United States, cultivating and maintaining good relations with our existing customers, the garment brand companies, and potential customers in the United States, and handling any complaint or after-sales enquiry.
- (v) Our marketing services consultant in South Korea is responsible for sourcing invoices from our existing customers of our Group in South Korea and dealing with customer service matters of our Group in South Korea. It also followed up their requests and payments to our Group and other communications between our Group and our customers in South Korea.
- (vi) Our marketing services consultant in India is responsible for communication and liaising with local garment factories in relation to our products in India. The primary duty of such individual is to assist our Group as a contact point between local garment factories in India and our Group, and act as a communication channel to offer customer services for our Group in India.

For further details on the sales and marketing, please refer to the paragraph headed “Sales and marketing” in this section of this prospectus.

Production

- (i) Our production department checks raw material inventory level and plans production schedule.
- (ii) Manufacturing process begins.

For further details on the production, please refer to the paragraph headed “Production” in this section of this prospectus.

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Subcontractors

- (i) We engage external subcontractors for the provision of printing finishing services, which we consider as more labour intensive, such as certain die-cutting processes, hot stamping, grommeting, paper lamination and hangtag or label stringing. In such cases, the semi-finished products are processed by the external subcontractors which deliver the finished products to us for our quality inspection before packaging and delivery.
- (ii) We also engage external subcontractors for the production of certain products which are non-paper products or involve technologies that our Group currently does not have, such as woven labels, plastic packaging bags and heat transfer labels. In such cases, the production of the relevant product is carried out entirely by the external subcontractors. We conduct quality inspection upon receipt of such products from the external subcontractors.

Packaging and storing at warehouses

Finished products are packaged and stored at our warehouses in specified conditions pending delivery.

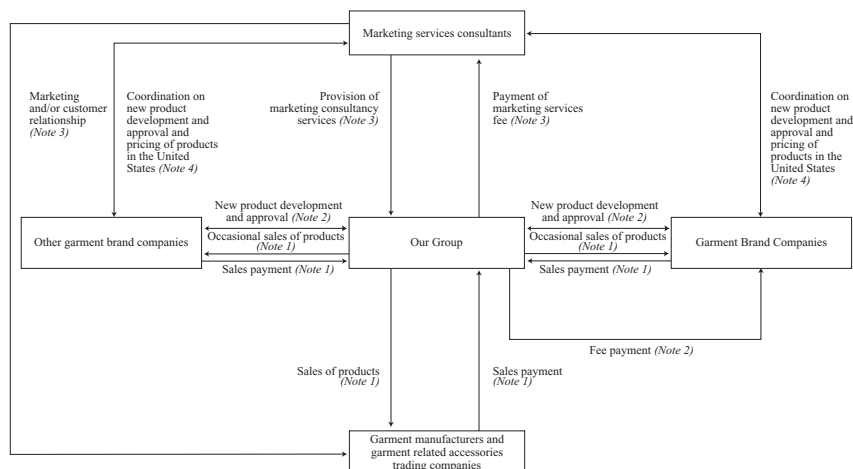
Delivery

Our local customers in Hong Kong may collect products from our factory or request us to deliver the products to their offices or warehouses in Hong Kong. Sometimes, external independent logistics service providers appointed by us or our customers pick up products from our office for delivery to the overseas locations designated by our customers.

Our marketing services consultant in India assists our Group as a contact point between local garment factories in India and our Group.

Commercial arrangements

For illustrative purposes, we set out below a diagram with descriptions of the arrangements between our Group, garment manufacturers/garment related accessories trading companies, marketing services consultants, the Garment Brand Companies and other garment brand companies:



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Notes:

- 1) Garment manufacturers, garment related accessories trading companies, and occasionally the Garment Brand Companies or other garment brand companies place orders to our Group for our apparel labels and packaging printing products.

Our Group receives settlements of payments from customers for sales.

- 2) Designs and specifications for new products are released by the Garment Brand Companies or other garment brand companies (either directly or through the relevant marketing services consultant). New product samples must be approved by the relevant Garment Brand Companies or other garment brand companies (either directly or through the relevant marketing services consultant).

When we accept orders from and supply our products to the garment manufacturers designated by certain Garment Brand Companies, we are required to pay a fee to such Garment Brand Companies based on the respective agreements between our Group and such Garment Brand Companies. The fee to Garment Brand Company A is calculated based on a percentage of annual net sales (that is, sales less discounts, returns, and freight if paid by our Group) of relevant products by our Group. The fee to Garment Brand Company B is in an amount equal to a percentage of the total and complete price (that is, excluding actual and documented costs related to shipping and transportation, taxes and/or duty) of all our sales to Garment Brand Company B's apparel manufacturing. The fee to Garment Brand Company C is calculated based on a percentage of sales amount on certain product categories of our sales to Garment Brand Company C's apparel manufacturing vendors. From July 2015 onwards, instead of paying the fee to Garment Brand Company C, we deduct the same percentage from pricing on relevant products sold to the apparel manufacturing vendors of Garment Brand Company C.

- 3) Our marketing services consultants in the United States, South Korea and India provide marketing services to our Group. Our Group has entered into agreements with each of the three marketing services consultants, respectively.

Please refer to the paragraphs headed "Our marketing services consultants" under "Sales and marketing" of this section for the responsibilities of each of our marketing services consultants under the respective agreements with our Group and our payment of marketing services fee to each of them, and the benefits of using external marketing services consultants.

- 4) Our marketing services consultant in the United States coordinates with the Garment Brand Companies and other garment brand companies in the United States, including the designs and specifications released to our Group by the Garment Brand Companies or other garment brand companies for new products, the discussion for us on the choice of colour, paper quality and design of the new products in a more effective way in order to produce the new products cost effectively, the presentation of new product samples to such Garment Brand Companies or other garment brand companies for approval; and the liaison with the relevant Garment Brand Companies or other garment brand companies on the pricing of our products.

Our Directors confirmed that the relationship or arrangement between garment brand companies with their garment manufacturers or garment related accessories trading companies is not known to our Company. However, given that products ordered by garment manufacturers or garment related accessories trading companies from our Group are mainly for ultimate use as labels on or packaging materials for finished garments of the Garment Brand Companies, our Directors believe that such garment manufacturers are manufacturers for products of garment brands for the Garment Brand Companies, whereas such garment related accessories trading companies are selling products ultimately for production by the garment manufacturers of the Garment Brand Companies or by the Garment Brand Companies. A summary of the main terms of the agreements or commercial arrangements between our Group and (i) garment manufacturers and garment related accessories trading companies, (ii) the Garment Brand Companies and other garment brand companies, (iii) our marketing services consultants, and (iv) our subcontractors is set out below.

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(I) Main terms of the commercial arrangements between (i) our Group and (ii) garment manufacturers and garment related accessories trading companies

We principally receive purchase orders from garment manufacturers and garment related accessories trading companies. We have not entered into long-term contracts with garment manufacturers and garment related accessories trading companies, and our Directors believe that it is consistent with industry norm. There are no standardised commercial arrangements or agreements. The commercial arrangements between (i) our Group and (ii) garment manufacturers and garment related accessories trading companies depend on each purchase order taking into account factors such as quantities, years of business relationship, the total manufacturing costs, payment history, our competitors' pricing level and further price adjustments which may be requested from time to time from them. In general, the main terms of the commercial arrangements between (i) our Group and (ii) garment manufacturers and garment related accessories trading companies are summarised below:

Nature of purchase orders	Credit terms granted	Payment method	Currency	Freight charges and transportation	Collateral obtained
On a case-by-case basis	Net 0 to 2 months	Cheque or telegraphic transfer or cash on delivery (Note)	U.S. dollars or Hong Kong dollars	For local deliveries, included in purchase price; and for overseas deliveries, generally borne by customers	None

Note: In general, we require the customers which we have not granted them any credit term to pay the full amount in advance or to pay when we deliver our products to them.

(II) Main terms of the commercial arrangements between (i) our Group and (ii) the Garment Brand Companies and other garment brand companies

The Garment Brand Companies and other garment brand companies occasionally place purchase orders directly with us for our products. We have not entered into long-term contracts with the Garment Brand Companies and other garment brand companies, other than agreements between our Group and certain Garment Brand Companies. When we accept orders from and supply our products to the garment manufacturers designated by certain Garment Brand Companies, we are required to pay a fee to such Garment Brand Companies based on the respective agreements between our Group and such Garment Brand Companies. The main terms of each of these agreements with Garment Brand Company A, Garment Brand Company B and Garment Brand Company C are set out below:

Garment Brand Company A

The fee payment agreement between Garment Brand Company A and our Group has been effective since April 2013 and shall continue until terminated by either party on 90 days' written notice. Pursuant to such agreement, we will invoice the garment manufacturers designated by Garment Brand Company A for the supply of our products at the mandated selling price agreed between Garment Brand Company A and our Group. The fee to Garment Brand Company A is calculated based on a percentage of annual net sales (that is, sales less discounts, returns, and freight if paid by our Group)

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of relevant products by our Group, and is payable on a quarterly basis. Payments will be made by cheque in U.S. dollars. If a garment manufacturer designated by Garment Brand Company A asks for the mandated selling price to be discounted, we will have to decline such request and inform Garment Brand Company A immediately. If we become aware that a garment manufacturer designated by Garment Brand Company A is sourcing products from any supplier other than our Group, we will advise Garment Brand Company A.

Garment Brand Company B

The fee payment agreement between Garment Brand Company B and our Group has been effective since December 2008 and shall continue on a month-to-month basis until terminated by either party on 90 days' written notice. Pursuant to such agreement, Garment Brand Company B is not a direct purchaser of our products and we shall supply our products to the apparel manufacturing vendors of Garment Brand Company B on terms and conditions exclusively negotiated between our Group and the garment manufacturers designated by Garment Brand Company B. The fee to Garment Brand Company B is in an amount equal to a percentage of the total and complete price (that is, excluding actual and documented costs relating to shipping and transportation, taxes and/or duty) of all our sales to the apparel manufacturing vendors of Garment Brand Company B. We shall pay the fee on a quarterly basis within 30 days after the expiration of each quarterly period. Payments will be made in U.S. dollars without any withholding taxes or other taxes, which we are solely responsible for payment of such taxes.

In addition, Garment Brand Company B, upon advance written notice of 30 days, has a right to have an independent third party auditor to review and inspect (a) all sales invoices between the apparel manufacturing vendors of Garment Brand Company B and our Group, and (b) all supporting documents for actual and documented costs relating to shipping and transportation taxes and/or duties. If, in an audit review, it is determined in any quarterly period that we fail to pay Garment Brand Company B:

- (a) an amount less than a percentage of the amount owed, we shall immediately make such payment to Garment Brand Company B; and
- (b) an amount equal to or greater than a percentage of the amount owed, we shall immediately pay the actual and reasonable costs incurred by Garment Brand Company B in performing such audit, and the actual amount determined by the audit to be payable shall be increased by 50%, which shall be paid to Garment Brand Company B within 30 days.

Garment Brand Company C

There is no formal agreement between Garment Brand Company C and the Group. The fee to Garment Brand Company C is calculated based on a percentage of sales amount on certain product categories of our sales to Garment Brand Company C's apparel manufacturing vendors, and is payable on request depending on the product

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categories. From July 2015 onwards, instead of paying the fee to Garment Brand Company C, we deduct the same percentage from pricing on relevant products sold to the apparel manufacturing vendors of Garment Brand Company C.

Based on their best knowledge, our Directors are of the view that the terms of the agreements or arrangement for the payment of fees with the Garment Brand Company A, Garment Brand Company B and Garment Brand Company C are consistent with market norm. Based on the fact that three of the Garment Brand Companies, namely, Garment Brand Companies A, B and C, separately entered into arrangements with the Group for payment of fees, our Directors also believe that the payment of fees is consistent with industry practice.

According to Lam & Co, we have not violated any of the provisions under the applicable laws, and the mode of operations in relation to the payment of the fees to certain Garment Brand Companies is fully in compliance with the requirement under the Hong Kong laws, which have not rendered such payment of fees illegal and a violation of the provisions of the applicable law.

According to Locke Lord, our payment of the fees to certain Garment Brand Companies is in full compliance with the applicable laws of the United States.

In general, there are no standardised commercial arrangements or agreements, and the commercial arrangements between (i) our Group and (ii) the Garment Brand Companies and other garment brand companies depend on each purchase order taking into account factors such as quantities, years of business relationship, the total manufacturing costs, our competitors' pricing level and further price adjustments requested from time to time from them. Certain Garment Brand Companies and other garment brand companies may request to bulk book our products where we typically receive purchase orders from the garment manufacturers to purchase bulk booked products from us. Such order receiving process for a bulk booked quantity will last for approximately three to five months, and the relevant Garment Brand Companies and other garment brand companies will pay for the remaining amount of bulk booked quantities which are not purchased. In general, the main terms of the commercial arrangements between (i) our Group and (ii) the Garment Brand Companies and other garment brand companies are summarised below:

Nature of purchase orders	Credit terms granted	Payment method	Currency	Freight charges and transportation costs	Bulk booking
On a case-by-case basis	Net 0 to 2 months	Cheque or telegraphic transfer	U.S. dollars or Hong Kong dollars	For local deliveries, included in purchase price; and for overseas deliveries, generally borne by the Garment Brand Companies and other garment brand companies	Certain Garment Brand Companies and other garment brand companies

Our Group's direct sales to the Garment Brand Companies amounted to approximately HK\$2.6 million, HK\$2.4 million, HK\$1.7 million and HK\$0.5 million for the years ended 30 June 2013, 2014 and 2015 and the four months ended 31

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October 2015, respectively. Our Group's direct sales to other garment brand companies amounted to approximately HK\$0.7 million, HK\$1.7 million, HK\$2.5 million and HK\$1.3 million for the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015, respectively.

(III) Main terms of the agreements between our Group and our marketing services consultants

We have three marketing services consultants located in the United States, South Korea and India, respectively, and have entered into a marketing services agreement with each of them, the main terms of which are summarised below:

Location of our marketing services consultants	Exclusivity of engagement	Term	Major scope of services	Fees and payment
United States	Non-exclusive engagement	Continuing engagement until the expiry of 30 days' written notice given at any time by either party	<ul style="list-style-type: none"> (i) Coordinating and liaising with the Garment Brand Companies and other garment brand companies on the pricing of our products in the United States (ii) Obtaining product approval from the Garment Brand Companies and other garment brand companies in the United States (iii) Promoting and marketing our apparel labels and packaging printing products and our printing services in the United States (iv) Seeking orders for our products in the United States (v) Cultivating and maintaining good relations with our existing customers, the Garment Brand Companies and other garment brand companies, and potential customers in the United States (vi) Handling any complaint or after-sales enquiry in the United States 	<p>An annual marketing services fee shall be agreed by the parties at the beginning of each year which (a) may be payable monthly or at any time as we think fit, in equal stage payments or in any amount determined by us depending on the progress of the provision of the marketing services, and (b) shall be subject to adjustments as agreed by the parties or at our absolute discretion; on the last month of each of our financial year, and the adjustments shall be made based on the performance of the marketing services consultant in the United States during the relevant year.</p> <p>The marketing services consultant in the United States shall be responsible for all expenses and taxes in connection with the provision of the services, and shall not be entitled to any commission or fees for introducing clients.</p>

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Location of our marketing services consultants	Exclusivity of engagement	Term	Major scope of services		Fees and payment
South Korea	Non-exclusive engagement	Continuing engagement until the expiry of 30 days' written notice given at any time by either party	(i)	Sourcing invoices from the existing customers of our Group in South Korea	<p>A commission is calculated based on a certain percentage of the sales amount from our customers in South Korea successfully sourced by the marketing services consultant in South Korea, and shall be payable within 30 days after we receive payment from our customers.</p> <p>The marketing services consultant in South Korea shall be responsible for all its own expenses and taxes in South Korea in connection with the provision of the services.</p>
			(ii)	Dealing with customer service matters of our Group in South Korea	
			(iii)	Following up requests of customers in South Korea and payments to our Group and other communications between our Group and our customers in South Korea	
India	Non-exclusive engagement	Continuing engagement until the expiry of 30 days' written notice given at any time by either party	(i)	Communicating and liaising with local garment factories in India	<p>A monthly marketing services fee shall be payable at any time during the relevant month or in one lump sum or in any other stage payments at any other time during each financial year of our Company as we think fit.</p> <p>The marketing services consultant in India shall be responsible for all his own expenses and taxes in India in connection with the provision of the services, and shall not be entitled to any commission or fees for introducing clients.</p>
			(ii)	Acting as a contact point between local garment factories in India and our Group	
			(iii)	Acting as a communication channel to offer customer services for our Group in India	

Please also refer to the paragraph headed “We have three marketing services consultants located in the United States, South Korea and India, respectively, and have entered into a marketing services agreement with each of them. Our business, financial condition and results of operations may be materially and adversely affected by the performance of, or disruption in the provision of services from, our marketing services consultants.” in the “Risk Factors” section of this prospectus for the highlight of (i) marketing services consultants may terminate their agreements with the Group with a 30 days' written notice; and (ii) their services are not exclusive, as a risk factor.

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(IV) Main terms of the commercial arrangements between our Group and our subcontractors

We engage external subcontractors mainly for (i) the provision of printing finishing services, which we consider as more labour intensive, and (ii) the production of certain products which are non-paper products or involve technologies that our Group currently does not have. We have not entered into long-term contracts with any of our subcontractors, and there are no standardised commercial arrangements or agreements. The commercial arrangements between our Group and our subcontractors depend on each processing order taking into account factors such as service quality, pricing, proximity of their factories or workshops to our production facilities, time of delivery and years of business relationship. Before we place orders, we normally seek quotations from potential processing and production subcontractors. In general, the main terms of the commercial arrangements between our Group and our subcontractors are summarised below:

Nature of purchase orders	Credit terms granted	Payment method	Currency	Freight charges and transportation costs (including collection and delivery costs)
On a case-by-case basis	Net 1 to 3 months	Cheque or bank transfer	Hong Kong dollars	Included in purchase price

To the best knowledge of our Directors, as at the Latest Practicable Date, there was no subcontractor of our Group exclusively possessing critical technology or know-how which our Group needs to manufacture its products; and our Group will be able to find alternative subcontractor(s) readily and on similar commercial terms if any of its major subcontractors ceases to provide services to our Group.

PRODUCTS

Our key products, together with their pictures for illustrative purposes only, are set out below:

- hangtags



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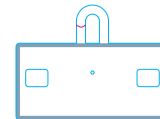
- size tapes



- labels (such as woven labels, heat transfer labels and printed labels)



- header cards



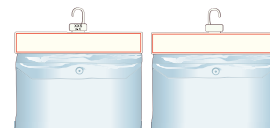
- stickers



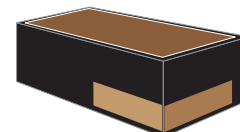
- price tickets



- plastic packaging bags



- packaging boxes



Revenue generated from the sale of hangtags and labels amounted to approximately HK\$73.8 million, HK\$79.5 million, HK\$88.1 million and HK\$30.4 million, respectively, representing approximately 61.7%, 63.0%, 66.2% and 68.6% of the total revenue of our Group, respectively, for the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015. Please also refer to the breakdown on revenue of our Group by

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products below. The apparel hangtags and labels printed by our Group are accessories attached to garments. Apparel hangtags are paper tags attached to garments by strings or plastic swift tags. They can be in any shape, size, colour, material and thickness, and can be used for a variety of purposes, such as promoting brand image and presenting product or company information. Apparel labels are mainly attached to garments and are produced by woven, printed on synthetic paper or heat transfer materials. Apparel labels can be used for the purposes similar to those of apparel hangtags. Depending on customers' requirements, our apparel hangtags and labels are typically produced according to the designs and specifications approved by the garment brand companies.

A breakdown on revenue, sales volume, and average selling price of our Group by products for the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015 is summarised as below:

Product types	2013				Year ended 30 June 2014				2015				Four months ended 31 October 2015			
	Revenue		Sales volume	Average selling price	Revenue		Sales volume	Average selling price	Revenue		Sales volume	Average selling price	Revenue		Sales volume	Average selling price
	HK\$'000	%			HK\$'000	%			HK\$'000	%			HK\$'000	%		
Hangtag	67,112	56.1	256,520	0.26	72,312	57.3	282,311	0.26	74,875	56.3	308,458	0.24	27,062	61.0	113,998	0.24
Label	6,709	5.6	37,726	0.18	7,203	5.7	39,025	0.18	13,186	9.9	81,205	0.16	3,366	7.6	22,784	0.15
Sticker	11,899	10.0	106,712	0.11	12,465	9.9	107,063	0.12	11,216	8.4	99,256	0.11	3,701	8.3	34,055	0.11
Bag	14,548	12.2	15,382	0.95	11,345	9.0	10,489	1.08	10,138	7.6	7,936	1.28	3,979	9.0	2,493	1.60
Size tape	7,574	6.3	50,818	0.15	8,684	6.9	55,410	0.16	8,494	6.4	53,538	0.16	2,435	5.5	15,606	0.16
Others	11,726	9.8	86,580	0.14	14,266	11.2	103,629	0.14	15,188	11.4	93,681	0.16	3,828	8.6	26,975	0.14
	<u>119,568</u>	<u>100.0</u>	<u>553,738</u>	<u>0.22</u>	<u>126,275</u>	<u>100.0</u>	<u>597,927</u>	<u>0.21</u>	<u>133,097</u>	<u>100.0</u>	<u>644,074</u>	<u>0.21</u>	<u>44,371</u>	<u>100.0</u>	<u>215,911</u>	<u>0.21</u>

Note: Others include packaging boxes, price tickets, header cards and string.

For illustrative purposes, a summary of gross profit margin by main products of our Group based on best estimation of our Directors for the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015 is set out as below:

Product types	Year ended 30 June			Four months ended 31 October
	2013	2014	2015	2015
	%	%	%	%
Hangtag	40.5	43.3	43.9	45.7
Label	26.0	28.4	29.5	48.7
Sticker	47.9	50.2	50.6	53.0
Bag	31.7	34.5	35.6	47.8
Size tape	47.9	50.2	50.7	53.0

During the Track Record Period, labels (including woven labels, heat transfer labels and printed labels) were in general sourced from full subcontractors and bags were largely sourced from full subcontractors, which handled the entire production process (including the provision of raw materials for production) and should have reflected their costs in the

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pricing offered to our Group. Production cost of full subcontracted labels, bags or other products was not under control of our Group; and our costs for such products would depend on the pricing offered by subcontractors to us. Therefore, profit margin for labels and bags was relatively low among other main products of our Group for the three years ended 30 June 2013, 2014 and 2015. For the four months ended 31 October 2015, profit margin for labels and bags increased largely mainly because certain subcontractors offered better pricing to our Group for such products. Meanwhile, we were able to sell our bags at higher average selling price than that for the year ended 30 June 2015 and maintained the average selling price of our labels at similar level as that for the year ended 30 June 2015.

PRODUCTION

Production process

Our production process for apparel hangtags and labels for garments involves the following principal stages:

Pre-press

Depending on customers' requirements, our apparel hangtags and labels are typically produced according to the designs and product specifications approved by the garment brand companies. We receive these designs and specifications for new products, either directly or through the relevant marketing services consultant. Based on the designs and specifications provided, the product development team in our sales department (a) works together with our production department, data processing department and/or subcontracting department to produce new product samples; and (b) discusses with the garment brand companies (either directly or through the relevant marketing services consultant) regarding the choice of colour, paper quality and design of the new products in a more effective way in order to produce the new products cost effectively. When required, our data processing department inputs garment information, such as bar code, style, size, country of origin and fabric information to our database system such that all such information is linked to a particular product. New product samples are presented to the garment brand companies for approval, either directly or through the relevant marketing services consultant, such that our Group may accept orders from their designated garment manufacturers for such products.

Offset printing

Every single print proof will go through the computer-to-plate process, which refers to the process of transferring digital data directly from a computer onto printing plates.

The printing technique used by us is offset printing. Offset printing refers to a printing technique where the inked image is transferred from a plate to a rubber blanket, which then rolls and prints that image from the rubber blanket onto a piece of paper. Offset printing offers consistently high image quality for products and is relatively cost-effective for a large volume of print orders. Offset printing requires the use of printing plates.

The set of offset printing plates will be mounted onto the cylindrical drum on each of the printing units of the printing machine and paper is cut to the required size to minimise wastage. During the offset printing process, ink will be applied on the plate and transferred onto the paper that passes through a set of printing units each with a different colour. For example, a five-colour offset printing machine will have five printing units which can produce colour prints of up to five colours at a time and printing products of six colours are required to be applied to a five-colour offset printing machine in two runs in order to produce the six colours effect. Meanwhile, we can also apply optical principle by four-colour process printing to create colourful pictures with CMYK colour model, that is, cyan, magenta, yellow, and key (black). In such case, a printing machine only with four printing units can also produce a colourful picture in one run. However, this printing technology could not produce certain colours such as gold and silver colour.

The production speed of multi-colour printing increases with a printing machine with more printing units. As many of our Group's apparel hangtags and labels are for quality products which require various colour effects, our Directors consider that our Group's four-, five- and six-colour offset printing machines enable us to print the products in accordance with complicated specifications efficiently and in good quality.

Post-press

After the printing process, a series of post-press operations including varnishing, die-cutting and holes drilling may be undertaken by our Group or our subcontractors depending on customers' requirements.

At the varnishing stage, printed paper is coated by applying a coat of varnish on the surface of the paper to protect it from scratching and to give a glossy or dull surface. The varnishing and paper protection may be in various materials ranging from a selection of plastic to ultraviolet lacquer to water-base polymer.

After the varnishing process, the paper is cut into the required shapes using special die-cutting machines.

Our logistics department is responsible for packaging and arranging with external independent logistics service providers, if required, for the delivery of the finished products to the locations as designated by our customers or for the collection by the transportation companies designated by our customers.

Subcontracting

We engage external subcontractors mainly for: (i) the provision of printing finishing services, which we consider as more labour intensive, such as certain die-cutting processes, hot stamping, grommeting, paper lamination and hangtag or label stringing; and (ii) the production of certain products which are non-paper products or involve technologies that our Group currently does not have, such as woven labels, plastic packaging bags and heat transfer labels.

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For each of the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015, we purchased processing and production subcontracting services from 16, 18, 25 and 17 external subcontractors, of which, 2, 2, 2 and 2 were also our suppliers of raw materials. For each of the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015, the total amount paid to these subcontractors accounted for approximately 28.9%, 26.4%, 29.7% and 26.2%, respectively, of our cost of sales. For the same periods, the largest subcontractor accounted for approximately 8.8%, 7.2%, 7.2% and 7.6%, respectively, of our total cost of sales.

These external subcontractors are Independent Third Parties. To the best knowledge of our Directors and after making reasonable enquiries, they are generally processing and production factories in Hong Kong or the PRC. We take into account factors such as service quality, pricing, proximity of their factories or workshops to our production facilities, time of delivery and years of their business relationship with us as key considerations when we select processing and production subcontractors. After the proposed subcontractor is approved and confirmed, the subcontractor would be added to the approved vendor list of our Group, and only those subcontractors from our approved vendor list will be engaged by us. The approved vendor list of our Group is reviewed on an annual basis for their performance in terms of product and service quality. We also normally seek quotations from potential processing and production subcontractors before we place orders.

We have not entered into long-term contracts with any of the external subcontractors. During the Track Record Period, we did not experience any situation where the subcontractors had failed to fulfil any significant processing order. Save as disclosed above, as at the Latest Practicable Date, none of our Directors, their respective close associates or any Shareholders (who to the knowledge of our Directors owned more than 5% of our issued share capital) had any interest in the five largest subcontractors engaged by us during the Track Record Period. One of our five largest suppliers (which was a subcontractor of our Group) for the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015 which incurred subcontracting costs of approximately HK\$6.4 million, HK\$5.2 million, HK\$5.5 million and HK\$1.6 million, respectively, was also a customer of our Group, which generated revenue of approximately HK\$12,000, HK\$53,000 and HK\$8,000, respectively, for the years ended 30 June 2014 and 2015 and the four months ended 31 October 2015 for purchases of hangtags from our Group.

Production facilities and machines

Our production facilities, office and warehouses are located in Hong Kong. Our production facilities have a total usable floor area of approximately 33,000 sq.ft. We were registered as a chemical waste producer with the Environmental Protection Department in Hong Kong on 19 October 2015. The Company has installed a liquid waste treatment system in March 2016 which helps filter and recycle the wastewater produced. After the wastewater has been processed by the liquid waste treatment system, it will re-enter the relevant machine and no wastewater will be discharged into the sewer. Please refer to the paragraph headed “Environmental protection, health and work safety – Environmental protection” in this section for details.

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As at the Latest Practicable Date, we had ten printing machines, three die-cutting machines, two paper-cutting machines, two platesetters, two plate processors, one round-corner machine, one tapping machine, and seven digital thermal printers.

With regard to printing machines, as at the Latest Practicable Date, we had three single-colour, two two-colour, two four-colour, two five-colour and one six-colour offset printing machines. Our printing machines were mainly imported from Germany, which are highly automated in their operations and are capable of undertaking print jobs in small to large quantity efficiently, speedily and in good quality. Further, we have advanced equipment for colour proofing, print colour quality control benchmarking and reporting, density and spectral data measurement for ensuring print-to-print colour quality and accuracy throughout the press-run.

We own all the abovementioned production machines.

According to the accounting policy of our Company, the estimated useful life of printing machines of our Group ranges from approximately 3.3 years to 10 years. Age of our Group's printing machines (including those fully depreciated) ranges from approximately one year to 16 years with average age of 10 years. Based on our production needs and usual practice in operations, the estimated life span of our printing machines is of at least 10 years. As at the Latest Practicable Date, our major printing machines had been in operation for over 10 years.

We carry out regular inspection and maintenance for certain production machines, and our maintenance costs for plant and machinery amounted to approximately HK\$0.5 million, HK\$0.4 million, HK\$0.7 million and HK\$0.1 million for the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015, respectively. Based on our regular inspection and maintenance, current condition and existing operation status of the machines, and the fact that we have not experienced any material disruption to our operation in connection with the machines during the Track Record Period and up to the Latest Practicable Date, our Directors believe that our machines (including the printing machines) are in good working condition. Our Directors have confirmed that, save for our plan to acquire a new printing machine with an aim to enhance our competitive strength as disclosed under the paragraph headed "Business strategies – Expand our production capacity" in this section, we do not have any imminent need to replace our printing machines and our post-press finishing machines with new models to keep up with the pace of technological developments so as to maintain our Group's competitiveness given the fact that we managed to attain steady growth in revenue for the years ended 30 June 2013, 2014 and 2015 and satisfactory gross profit margin for the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015. It is our strategy to plan ahead of our investment in printing machinery. We usually purchase additional machine(s) to cope with our future business development, to reduce outsourcing some of the post-press finishing services, to improve our production efficiency and to capture growing demand for our services.

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Production capacity

For illustrative purposes only, the following table sets out our estimated production capacity and estimated production volume of our printing machines involved in the printing process as well as the estimated utilisation rate for each of the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015:

	Number of impressions			For the four months ended 31 October 2015
	For the year ended 30 June			
	2013	2014	2015	2015
	('000)	('000)	('000)	('000)
Estimated production capacity (Note 1)	53,877	53,877	67,588	22,448
Estimated production volume (Note 2)	42,369	38,543	45,531	12,693
Estimated utilisation rate (%) (Notes 3 and 4)	78.6	71.5	67.4	56.5

Notes:

- (1) For illustrative purposes only, the estimated production capacity of our production facilities is measured in terms of the estimated number of impressions of the printing machines involved in the printing process for our products per hour (after deducting the estimated set up time (comprising mainly the time required for printing plate changes and colour tone adjustments) in the optimal conditions and excluding the time spent on pre-press and post-press processes), multiplied by estimated working hours of each of such printing machines per day (assuming no overtime works) and 277 days per year and approximately 92 days for the four months ended 31 October 2015 (taking into account the statutory and public holidays in Hong Kong and our normal maintenance schedule), during the relevant period. As the number of print orders increases, it will involve more frequent change of printing plates and colour tone adjustments from one production run to another and hence, will result in longer actual total set-up time for the relevant period. Thus, the above computation only illustrates the production capacity of our printing machines operating in the optimal conditions. It has not included printing of products from laser printers which were under operating lease, and has excluded capacity of printing machines assigned for specific purpose (such as sampling and varnishing) or under decommission status.
- (2) The estimated production volume refers to the estimated total number of impressions during the relevant period.
- (3) The estimated utilisation rate is derived from dividing the estimated production volume by the estimated production capacity. As the estimated production capacity is determined based on certain assumptions, our estimated utilisation rates as set out in the above table are for reference only and are subject to change if the underlying assumptions are different.
- (4) Our estimated utilisation rates for the years ended 30 June 2013, 2014 and 2015 gradually dropped mainly because of the use of two laser printers under operating lease entered in January 2013 and October 2013, respectively, and the year ended 30 June 2015 is the first full year for the operation of the six-colour offset printing machine acquired in the second half of year 2013. Meanwhile, our Group has stable production volume over the three years. Our estimated utilisation rates for the four

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months ended 31 October 2015 dropped largely to approximately 56.5% mainly because customers became more cautious on placing orders to our Group for preparing their production of garments in view of recent market condition.

QUALITY CONTROL

We strive to provide consistently high quality services to our customers through stringent quality control measures covering all key stages of our operations. Our quality control team comprises personnel from our quality control department, and the production foreman and ink mixing personnel in our production department.

Incoming raw materials

We conduct inspections on our own on a sampling basis in terms of substance, thickness, external appearance of paper, and colour and abrasive resistance of printing ink. Any raw materials that do not meet our requirements may be returned to our suppliers for replacement.

Pre-press

When required, our data processing department inputs garment information, such as bar code, style, size, country of origin and fabric information to our database system such that all such information is linked to a particular product. We have adopted a double-entry system under which we have two persons who input the relevant information into the system separately and the results of their inputs are compared against each other such that any errors in inputs can be spotted and corrected.

Printing and post-press

Our ink mixing personnel are responsible for mixing inks in the proportion to yield the required colour. By comparing with the quality control bar on the print sheet by using an advanced densitometer, which measures the colour density, screen tone, gray balance and print contrast, we make appropriate adjustment to the ink density of our products to ensure that our printing quality for a particular production run is consistent. After the printing process has been completed, our production staff will retain a print sheet of a particular production run on a sampling basis for record.

Outsourced processing and production

Our quality control team inspects the quality of the processing work conducted by our external subcontractors and the quality of the products produced by our external subcontractors. Our Group conducts physical quality check on subcontracted products against the sample products approved by the garment brand companies.

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AWARDS AND CERTIFICATIONS

Over the past years, we have received various awards and certifications, among which are the following:

Awards and certifications	Year of award or certification/valid period	Issuing institution/ authority	Description
ISO 9001:2008 (originally registered in 1999)	2012 to 2015	BSI	Compliance with ISO 9001:2008 quality management requirements
	2015 to 2018		
FSC certification	2007 to 2012	Forest Stewardship Council A.C.	Our products meet the requirements of chain-of-custody by purchasing FSC certified mixed and recycled paper, production and sales of FSC certified mixed and recycled printed paper products.
	2013 to 2017		
The Best Raw Material Supplier Award – 2008 (Trims Group)	2009	A Garment Brand Company	Not applicable
G7 certification of qualification	2014 to 2015	IDEAlliance	Achieved the level of G7 Master Qualification by demonstrating through production of print and/or proofing, the knowledge and skill required and the fundamental practices essential to meeting the G7 methodology in a graphic communications production environment.
	2015 to 2016		
	2016 to 2017		

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PROCUREMENT AND INVENTORY CONTROL

The principal raw materials used in the production of our products are paper, and ink and chemical components.

We strive to obtain high quality raw materials, and choose suppliers mainly based on the following criteria: (a) price; (b) product quality; (c) payment terms offered; (d) their logistics arrangement; (e) the length of our business relationship; and (f) overall stability in supply of products. Our administration and human resources department normally conducts a quality assessment for potential suppliers and an annual evaluation for key existing suppliers.

Such assessment generally involves inspection of qualification certificates and product trial and assessment. After the proposed supplier is approved and confirmed, the supplier would be added to the approved vendor list of our Group, and only those suppliers from our approved vendor list will be engaged by us. The approved vendor list of our Group is reviewed on annual basis for their performance in terms of product and service quality.

Procurement orders will be issued by us when we make purchases. Payment terms granted by our suppliers ranged from 1 to 3 months from the invoice date of the relevant purchases. We typically settle our trade payables by cheques or bank transfers. One of our top five suppliers for each of the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015 entered into arrangement with our Group to provide certain percent of discount on the purchase amount if our annual purchases from it exceeded certain amount.

We source our key raw materials, namely, paper, and ink and chemical components, from our suppliers mainly located in Hong Kong. We set out below our approximate purchase amount of paper, and ink and chemical components and their respective approximate percentage to our total purchases of materials and services (including subcontracting services) from our suppliers during the Track Record Period.

	Year ended 30 June						Four months ended	
	2013		2014		2015		31 October 2015	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Paper	19,384	40.6	18,591	40.3	17,266	34.8	5,884	39.2
Ink and chemical components	1,762	3.7	1,956	4.2	1,861	3.7	550	3.7

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During the Track Record Period, the average purchase price of paper, and ink and chemical components is set out below:

	Year ended 30 June			Four months ended 31 October
	2013	2014	2015	2015
	HK\$	HK\$	HK\$	HK\$
Paper (per ream)	1,932	1,642	1,676	1,524
Ink and chemical components (per kg)	120	75	62	63

Average purchase price of paper decreased from the year ended 30 June 2013 to the years ended 30 June 2014 and 2015 despite the global prices and paper and paperboard products were on an upward trend according to the EY Advisory Report (please refer to the paragraph headed “Prices of paper and paperboard products” under “Constraints” of “Key entry barriers” of the “Industry Overview” section of this prospectus) mainly because our Group reduced purchasing paper from countries with relatively higher prices (such as Japan) while increased purchasing paper from countries (mainly the PRC) with relatively lower prices, which in general lower our average purchase price of paper. Average purchase price of paper for the four months ended 31 October 2015 was lower than that of the year ended 30 June 2015 as a result of the increase in purchasing paper with lower prices in general.

Average purchase price of ink and chemical components decreased largely from the year ended 30 June 2013 to the year ended 30 June 2014 and the year ended 30 June 2015 mainly because the six-colour offset printing machine was acquired in the second half of year 2013. This six-colour offset printing machine utilises water-based varnish and the cost of which is much lower than ultraviolet oil-based varnish that is utilised by other offset printing machines of our Group.

We make procurement based on anticipated purchase orders/actual purchase orders, the historical consumption amount of our key raw materials and keep low but safe level of inventory. All raw materials are stored in our warehouses in Hong Kong. We generally keep such raw materials for less than three years. As our suppliers of paper, and ink and chemical components are mainly in Hong Kong, the paper, and ink and chemical components we have ordered are usually able to be delivered to us within the next day. We consider that it is not difficult to replace any of the suppliers in the market with comparable quality and prices in a timely manner. We maintain a stable relationship with our suppliers, and there is no loss of main suppliers during the Track Record Period.

Sensitivity analysis on cost of raw materials

Any significant fluctuation in the price of our key raw materials may have a significant adverse impact on our cost of sales and our profitability.

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For illustrative purposes only, the below table illustrates the sensitivity on our profit resulting from hypothetical in cost of key raw materials (that is, paper, and ink and chemical components) for the periods indicated:

Hypothetical fluctuations (<i>Note 1</i>)	+/-50%	+/-40%	+/-30%	+/-20%	+/-10%
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Change in cost of key raw materials					
For the year ended 30 June 2013	+/-10,573	+/-8,458	+/-6,344	+/-4,229	+/-2,115
For the year ended 30 June 2014	+/-10,274	+/-8,219	+/-6,164	+/-4,109	+/-2,055
For the year ended 30 June 2015	+/-9,564	+/-7,651	+/-5,738	+/-3,825	+/-1,913
For the four months ended 31 October 2015	+/-3,217	+/-2,574	+/-1,930	+/-1,287	+/-643
Change in profit for the year (<i>Note 2</i>)					
For the year ended 30 June 2013	-/+8,828	-/+7,062	-/+5,297	-/+3,531	-/+1,766
For the year ended 30 June 2014	-/+8,579	-/+6,863	-/+5,147	-/+3,431	-/+1,716
For the year ended 30 June 2015	-/+7,986	-/+6,389	-/+4,791	-/+3,194	-/+1,597
For the four months ended 31 October 2015	-/+2,686	-/+2,149	-/+1,612	-/+1,075	-/+537

Note 1: Our key raw materials for production are paper, and ink and chemical components. We assume that hypothetical fluctuations on cost of key raw materials are in the range of 10% to 50% with reference to the fluctuation of aggregate cost of paper in our inventory as at 30 June 2014, 30 June 2015 and 31 October 2015 as compared with that of the respective previous year end; and the fluctuation of aggregate cost of ink and chemical components in our inventory as at 30 June 2014, 30 June 2015 and 31 October 2015 as compared with that of the respective previous year end.

Note 2: Save for the hypothetical fluctuations in cost of paper, and ink and chemical components, we assume that all the other factors remain unchanged.

In order to minimise wastage and to maintain cost control over paper, and ink and chemical components, we have not entered into any long-term contracts with our suppliers. Our Group has taken certain measures, as and when appropriate, to mitigate the impact of increasing paper prices in the past and in the future, which include strengthening the control on paper usage in production in order to reduce paper wastage, reducing other costs and expenses if necessary, such as labour cost and administration expenses, and seeking additional and/or alternative sources which supply paper with lower prices.

Our purchase department regularly reviews the price lists from suppliers. Our Directors consider that our Group would be able to pass on the increase in purchase costs to its customers, if any, due to the recognition of its products among the customers.

For each of the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015, our inventory turnover days were approximately 13, 16, 16 and 25 days, respectively. The inventory turnover day was relatively long for the four months ended 31 October 2015 mainly because of the snapshot position of inventory pending for delivery as at 31 October 2015. Of approximately HK\$4.7 million inventory as at 31 October 2015, approximately HK\$2.6 million was attributable to finished goods and about 90% of finished goods aged in 0-30 days. Our Group performs regular review of the carrying amounts of inventories with reference to aged inventories analysis, historical consumption trends and management judgement. Based on this review, write-down of inventories will be made when the carrying amounts of inventories decline below their estimated net realisable value. For

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the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015, write-down of inventories of approximately HK\$0.2 million, HK\$0.7 million, HK\$0.6 million and HK\$0.2 million, respectively, have been provided.

For each of the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015, our single largest supplier accounted for approximately 16.5%, 11.3%, 11.0% and 11.9% of our total cost of purchases of materials and services (including subcontracting services) from our suppliers, respectively, and our five largest suppliers were Independent Third Parties, which, in aggregate, accounted for approximately 55.7%, 45.2%, 45.6% and 50.8%, respectively, of our total cost of purchase of materials and services (including subcontracting services) from our suppliers during the same periods.

The table below sets out the business scope and other details of our top five suppliers (including the subcontractors) during the Track Record Period:

For the four months ended 31 October 2015

Suppliers	Business nature	Main products/ services provided to our Group	Credit terms and payment method	Number of years of relationship (approximate)	Approximate percentage to total purchase of materials and services (including subcontracting services) of our Group
Company E	Printing raw material supplier and subcontractor	Raw paper and printing finishing service	Net 2 months/ cheque	10	11.9%
Company F	Printing raw material supplier	Raw paper	Net 3 months/ cheque	2	10.6%
Company B (Note 1)	Printing raw material subcontractor	Polybags	Net 2 months/ cheque	10	10.5%
Company D	Printing raw material supplier	Raw label	Net 1 month/ bank transfer	13	9.7%
Company G	Printing raw material subcontractor	Woven label	Net 1 month/ bank transfer	1	8.2%

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For the year ended 30 June 2015

Suppliers	Business nature	Main products/ services provided to our Group	Credit terms and payment method	Number of years of relationship (approximate)	Approximate percentage to total purchase of materials and services (including subcontracting services) of our Group
Company B (Note 1)	Printing raw material subcontractor	Polybags	Net 2 months/ cheque	10	11.0%
Company D	Printing raw material supplier	Raw label	Net 1 month/ bank transfer	13	9.4%
Company F	Printing raw material supplier	Raw paper	Net 3 months/ cheque	2	9.1%
Company E	Printing raw material supplier and subcontractor	Raw paper and printing finishing service	Net 2 months/ cheque	10	9.1%
Company G	Printing raw material subcontractor	Woven label	Net 1 month/ bank transfer	1	7.0%

For the year ended 30 June 2014

Suppliers	Business nature	Main products/ services provided to our Group	Credit terms and payment method	Number of years of relationship (approximate)	Approximate percentage to total purchase of materials and services (including subcontracting services) of our Group
Company B (Note 1)	Printing raw material subcontractor	Polybags	Net 2 months/ cheque	10	11.3%
Company D	Printing raw material supplier	Raw label	Net 1 month/ bank transfer	13	9.6%
Company F	Printing raw material supplier	Raw paper	Net 3 months/ cheque	2	9.1%
Company E	Printing raw material supplier and subcontractor	Raw paper and printing finishing service	Net 2 months/ cheque	10	7.7%
Company C	Printing raw material subcontractor	Packaging box	Net 2 months/ cheque	3	7.6%

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For the year ended 30 June 2013

Suppliers	Business nature	Main products/ services provided to our Group	Credit terms and payment method	Number of years of relationship (approximate)	Approximate percentage to total purchase of materials and services (including subcontracting services) of our Group
Company A (Note 2)	Printing raw material supplier	Raw paper	Net 3 months/ cheque	10	16.5%
Company B (Note 1)	Printing raw material subcontractor	Polybags	Net 2 months/ cheque	10	13.3%
Company C	Printing raw material subcontractor	Packaging box	Net 2 months/ cheque	3	10.3%
Company D	Printing raw material supplier	Raw label	Net 1 month/ bank transfer	13	9.7%
Company E	Printing raw material supplier and subcontractor	Raw paper and printing finishing service	Net 2 months/ cheque	10	5.8%

Note 1: Company B includes entity B1 and entity B2. Entity B1 was also a customer of our Group, which generated revenue of approximately HK\$12,000, HK\$53,000 and HK\$8,000, respectively, for the years ended 30 June 2014 and 2015 and the four months ended 31 October 2015. Entity B2 had the same registered office address with entity B1, and it was deregistered and dissolved since September 2015. Entity B1 and entity B2 are related and should be considered as one supplier.

Note 2: Company A includes entity A1 and entity A2. Entity A2 is a business branch of entity A1.

None of our Directors or Shareholders (which to the knowledge of our Directors owns more than 5% of the issued share capital of our Company), or their respective close associates, had any interest in any of our five largest suppliers (including subcontractors) during the Track Record Period. One of our five largest suppliers (which was a subcontractor of our Group) for the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015 which incurred subcontracting costs of approximately HK\$6.4 million, HK\$5.2 million, HK\$5.5 million and HK\$1.6 million, respectively, was also a customer of our Group, which generated revenue of approximately HK\$12,000, HK\$53,000 and HK\$8,000, respectively, for the years ended 30 June 2014 and 2015 and the four months ended 31 October 2015 for the purchase of hangtags from our Group.

SALES AND MARKETING

We conduct our sales and marketing by our sales department and by engaging our marketing services consultants.

Our sales department

Our sales department focuses primarily on the promotion of sales mainly to the garment manufacturers and garment related accessories trading companies, through emphasizing the quality of our products, the reliability of our services and the

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competitiveness of our pricing. It has been putting efforts in promoting business, sourcing and/or following up orders (such as production and delivery schedules) from potential and existing customers. Our sales department also works closely with other departments such as production, sub-contracting, warehouse, quality control and logistics departments to ensure consistent production of quality products and that they can be delivered quickly and safely to customers.

Our sales department is formed by (i) our product development team, (ii) our customer service team and (iii) our business development manager.

(i) Our product development team

Our product development team is responsible for the development of product samples to obtain the approval from the relevant garment brand companies. In particular, the marketing services consultant in the United States retrieves and provides the artwork to our product development team for commencing the pre-production of product samples.

(ii) Our customer service team

Representatives from our customer service team are responsible for receiving orders from customers. After receiving orders from our customers, our representatives from the customer service team will communicate and follow up customers' orders with our other departments on their requirements such as product specification, quantity, delivery schedule, shipment and custom arrangement (if applicable).

(iii) Our business development manager

Our business development manager is responsible for business development and exploring business opportunities between our Group and customers. Our business development manager supports and monitors overall relationship through providing customer services, receiving feedback from customers and maintaining communication with customers. Many of our existing or potential customers are designated garment manufacturers of the Garment Brand Companies. Certain garment brand companies maintain list(s) of approved suppliers. To the best knowledge of our Directors, they have been provided with an approved list of suppliers for choosing their apparel label and packaging printing product suppliers and we are one of the approved suppliers of garment brand companies to source certain apparel label and packaging materials to the designated manufacturers. Based on the list provided, potential customers, including those designated garment manufacturers in Hong Kong, the PRC, Southeast Asia and other countries, may obtain background information on our Group's business and products through our website. If they are interested in placing orders with us or would like to understand more about our Group, they may contact us by phone or by email. Our business development manager will follow up with these potential customers through phone calls and/or emails and if such potential customers are located in Hong Kong or the PRC, our business development manager may visit them in attempt to solicit orders from them and build up customer relationship.

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In order to maintain business relationship with our existing customers and to explore new business opportunities from our existing and potential customers, our business development manager may notify them when new product approvals have been obtained from the Garment Brand Companies. From time to time, our business development manager collects market information from our customers in order to keep up with the market competitiveness on pricing, product range and quality, production and delivery lead time. Our business development manager also supports and monitors overall relationship with our customers through providing customer services, receiving feedback by performing customers' surveys, following up complaints (if any) from our customers, maintaining communication with our customers, following up customers' orders with our production department when necessary, and occasionally, handling special requests from our customers such as urgent deliveries and small quantity production.

Based on the above, our Directors believe that our Group will be able to sustain its competitiveness and to maintain business relationship with our existing customers and attract orders from both existing customers and potential customers. It is also our Group's strategy to enhance competitiveness through its implementation plan. For further details, please refer to the paragraph headed "Business strategies" under this section.

Our marketing services consultants

We have three marketing services consultants located in the United States, South Korea and India, respectively, responsible for providing various services. Our Directors are of the view that using of external marketing services consultants could broaden our Group's global presence in providing customer services to our customers, and depending on market conditions and our business plans, such overseas marketing support can be expanded or scaled down within a short period of time as the set up of overseas offices or permanent establishment of our Group is not required, and thus, provides flexibility to our Group. Meanwhile, our Group would be able to save costs for the set up and the operation of overseas offices including staff costs. Based on benefits that could be brought to a company with the use of marketing services consultants, our Directors consider that using of external marketing services consultants is in line with market norm.

Our Directors confirmed that no sales was procured by the marketing services consultants in the United States and India for the years ended 30 June 2013, 2014, 2015 and the four months ended 31 October 2015. During the same periods, only marketing services consultant in South Korea procured sales to our Group; and revenue attributable to our Group from those sales amounted to approximately HK\$13.6 million, HK\$20.8 million, HK\$21.5 million and HK\$7.1 million for the years ended 30 June 2013, 2014, 2015 and the four months ended 31 October 2015, respectively.

(i) Our marketing services consultants in the United States

Our marketing services consultant in the United States coordinates and liaises with certain garment brand companies in the United States on the pricing of our products, and it presents samples of our new products to such garment brand companies and assists our

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Group to obtain approval on such samples from the garment brand companies in the United States. It may also discuss with them for our Group on the choice of colour, paper quality and design of the new products in order to produce the new products cost effectively.

It is also responsible for, among other things, promoting and marketing our apparel labels and packaging printing products in the United States, seeking orders for our products in the United States, cultivating and maintaining good relations with our existing customers, the garment brand companies and potential customers in the United States, and handling any complaint or after-sales enquiry.

Our marketing services consultant in the United States also provides temporary custody service for surplus products delivered to it by our Group. Such surplus products are for marketing purposes or to meet urgent orders of our customers in the United States. Upon request of our Group, the marketing services consultant in the United States would dispose of any unused surplus products from time to time. For details of the main terms of the marketing services agreement between our Group and our marketing services consultant in the United States, and the major scope of services provided by our marketing services consultant in the United States, please refer to the section headed “Commercial arrangements – (III) Main terms of the agreements between our Group and our marketing services consultants” in this section of this prospectus.

For each of the years ended 30 June 2013, 2014 and 2015, and the four months ended 31 October 2015, we paid approximately US\$0.4 million, US\$0.4 million, US\$0.4 million and US\$0.1 million to our marketing services consultant in the United States, which accounted for approximately 12.8%, 11.7%, 12.3% and 7.7% of our total selling and administrative expenses, respectively, during the same periods.

(ii) Our marketing services consultants in South Korea

Our Group has a marketing services consultant in South Korea responsible for sourcing invoices from the existing customers of our Group in South Korea and dealing with customer service matters of our Group in South Korea. It also follows up their requests and payments to our Group and other communications between our Group and our customers in South Korea. For details of the main terms of the marketing services agreement between our Group and our marketing services consultant in South Korea, and the major scope of services provided by our marketing services consultants in South Korea, please refer to the section headed “Commercial arrangements – (III) Main terms of the agreements between our Group and our marketing services consultants” in this section of this prospectus.

For each of the years ended 30 June 2013, 2014 and 2015, we paid approximately US\$0.1 million, US\$0.2 million and US\$0.2 million, and for the four months ended 31 October 2015, we incurred commission of approximately US\$55,000 (which had been settled during the period from November 2015 to February 2016), respectively, to our marketing services consultant in South Korea, which accounted for approximately 3.6%, 5.0%, 5.1% and 2.9% of our total selling and administrative expenses, respectively, during the same periods.

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(iii) Our marketing services consultants in India

Our Group has a marketing services consultant in India, an Independent Third Party, responsible for the communication and liaising purposes for local garment factories in India. The primary duty of such individual is to assist our Group as a contact point between local garment factories in India and our Group, and act as a communication channel to offer customer services for our Group in India. For details of the main terms of the marketing services agreement between our Group and our marketing services consultant in India, and the major scope of services provided by our marketing services consultant in India, please refer to the section headed “Commercial arrangements – (III) Main terms of the agreements between our Group and our marketing services consultants” in this section of this prospectus.

For each of the years ended 30 June 2013, 2014 and 2015, we paid US\$12,000, US\$12,000 and US\$12,000, respectively, and for the four months ended 31 October 2015, we incurred a marketing services fee of US\$4,000 (which had not yet been paid up to the Latest Practicable Date), to our marketing services consultant in India, which accounted for approximately 0.4%, 0.3%, 0.4% and 0.2% of our total selling and administrative expenses, respectively, during the same periods.

All of our marketing services consultants are Independent Third Parties except for the marketing services consultant in South Korea which was also a supplier of our Group during the Track Record Period for subcontracting service of heat transfer labels. We may appoint additional marketing services consultant(s) (where appropriate) in the countries in which our potential customers or such other garment brand companies to offer more direct interactions.

Our customers

Our customers may have more than one supplier whose products are approved by the relevant garment brand companies. Hence, it is crucial to us that we maintain our competitive edge so that when our customers receive purchase orders from their customers to source materials for the garment brand companies or when our customers receive purchase orders from the garment brand companies, they will consider appointing us as supplier of apparel labels and packaging printing products. Please refer to the paragraphs under “Competitive strengths” of this section of this prospectus for the competitive edges of our Group.

Our Group did not have any material dispute with customers during the Track Record Period. Our business development manager under the sales department is dedicated to provide after-sales service to customers and she is responsible for relationship building with customers, feedback seeking on overall experience and areas of improvement and provide customer services or solutions to customers with concerns. In the event that we receive customers’ complaints, our sales department will handle general feedback, and our management will analyse and investigate the root causes of the complaint issues to consider the appropriate actions to be taken. The marketing services consultant in the United States would also handle complaint or after-sales enquiry (including informing our Group of any feedback from customers and/or the garment brand companies in the United States and the follow-up work required (if any)).

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Our Group has no sales return or warranty policy. Our Group recorded no sales return during the Track Record Period. Our Directors were not aware of any material complaints or claims relating to product quality encountered by our Group, or any material sales returns experienced by our Group, which reflected well on our quality control and quality assurance capabilities and reinforced our reputation in the market. Our Directors confirmed that our Group is not subject to any material product liability or warranty under its business arrangements during the Track Record Period.

We have not entered into long-term contracts with our customers, which from time to time place purchase orders with us. In general, in determining our product price, we take into account the total manufacturing cost, our competitors' pricing level and further price adjustment which may be requested from time to time from our customers and/or the garment brand companies. The garment brand companies may request to bulk book our products. After the bulk booking, we will receive orders from garment manufacturers to purchase bulk booked products from us. Our Directors confirmed that typically, such order receiving process for a bulk booked quantity will last for approximately three to five months, and the relevant garment brand companies will pay for the remaining amount of bulk booked quantities which are not purchased.

Our customers may negotiate for a discount to the product unit price of the pricing that has been agreed with the Garment Brand Companies. In general, we require the customers that we had no credit term granted to pay the full amount in advance or pay when we deliver our products to them. During the Track Record Period, our credit terms granted to customers generally ranged from 0 to 2 months. Our Group usually reaches an agreement on payment term with the customer by taking into account factors including, among other things, the credit history of such customer and our Group's working capital needs, which varies on a case-by-case basis that requires the judgement and experience of our management. Normally, our Group does not obtain collateral from customers.

Individual credit evaluations are performed on customers. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Sales payments are normally settled by cheques or bank transfers. The delivery term of our products is ex-factory, and we recognise our sales to the customers when we deliver our products to them and the title to such products passes to them without recourse.

For each of the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015, to the best knowledge of our Directors, many of our products sold to customers would be ultimately for the use as labels on or packaging materials for finished garments of the Garment Brand Companies which are based in the United States. As far as our Directors are aware, none of our customers ceased sourcing products from us due to prohibition from any of the Garment Brand Companies during the Track Record Period.

Revenue generated from the sale of products aiming to be ultimately used as labels on or packaging materials for finished garments of the Garment Brand Companies amounted to approximately HK\$116.4 million, HK\$120.0 million, HK\$125.1 million and HK\$41.4 million, respectively, representing approximately 97.3%, 95.1%, 94.0% and 93.4% of the

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total revenue of our Group, respectively, for the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015. All the Garment Brand Companies are Independent Third Parties.

For each of the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015, our single largest customer accounted for approximately 4.8%, 5.2%, 4.6% and 4.9% of our total revenue, respectively, and our five largest customers were Independent Third Parties, which, in aggregate, accounted for approximately 13.5%, 13.8%, 15.0% and 16.9%, respectively, of our total revenue during the same periods.

None of our Directors or Shareholders (which to the knowledge of our Directors owns more than 5% of the issued share capital of our Company), or their respective close associates, had any interest in any of our five largest customers during the Track Record Period. One of our five largest customers for the years ended 30 June 2013 and 2014 which generated revenue of approximately HK\$3.0 million, HK\$2.7 million, HK\$2.8 million and HK\$0.8 million, respectively for the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015, was also a supplier of subcontracting services relating to hangtag processing to our Group. The amount of purchase from this supplier is approximately HK\$3,000 for the year ended 30 June 2015.

COMPETITION

As mentioned in the EY Advisory Report, due to rising production costs and competition between local and global players, industry players face a high pressure of making profit. Successful companies in such an environment have to be able to deliver high quality products and services while maintaining cost efficiency in order to perform target profit margin. As major brand owners with global manufacturing plants and retail branded goods worldwide are facing challenges from fast-changing consumer tastes in styles, colours and selections, they are eager to improve brand awareness looking for ways to get high quality finished goods from manufacturers to retail stores faster, at the lowest possible cost. As a result, apparel label and packaging printing companies are required to deliver consistently high quality products in a shorter production period. They have to maintain profitability while offering competitive prices. Advanced equipment and skilled workers are essential to deliver high quality products. In order to meet a client's changing demands and to offer consistently high quality, manufacturers have to consistently invest in the latest machinery and maintain a skilled and well-trained workforce.

Our Directors believe that the shift of popularity from traditional paper labels to RFID labels is not a market trend and RFID and its applications are not prevalent in the manufacture of apparel labels and packaging products for the following reasons: (i) traditional barcode labels are cheaper than RFID tags; (ii) traditional barcode labels have long been accepted as the mainstream product and the switch to RFID tags may pose unwanted technological compatibility challenges to the retail operations of garment brand companies; and (iii) technological limitations of RFID tags including, but not limited to, possible interference by everyday electronics devices, like mobile phones, that emit radio waves. Based on the above and none of our customers has requested for any RFID products from us so far and the current market development and condition do not indicate or suggest that our Group has to offer products with RFID products, our Company is of the view that the development of RFID labels would not have any immediate threat or significant impact on our Group's business in the foreseeable future.

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Our Directors believe that we compete with other competitors in terms of service offering, price, product and service quality, timely delivery, the ability to reschedule production schedule to meet customer demand, sales channels, investment in advanced printing machines and information technology, and printing technique and know-how. Given the production capability and efficiency of our Group, our Directors are of the view that small printers pose limited competition to our Group because they do not have the production capabilities and skills to produce high quality products in large volume efficiently. As mentioned in the EY Advisory Report, compared to other players in Hong Kong market, Hang Sang (Siu Po) has built long-standing relationships with garment brand companies, which brings stable orders. Furthermore, Hang Sang (Siu Po) deploys tailored ERP system which offers effective production planning and improves the production efficiency, and installs advanced professional printing machines, combining with a strong management team with in-depth industry and process technological know-how, which ensures overall operational efficiency to achieve cost and profitability advantages, while some small and medium-sized players in Hong Kong market rarely invest heavily in facilities and systems.

Our Directors consider that our Group faces competition mainly from the large garment related packaging product printing companies in Hong Kong, the PRC and other countries in which the garment manufacturers are located which have the financial resources, technical expertise, and sales and marketing networks comparable to or better than those of our Group. As mentioned in the EY Advisory Report, compared to global leading players, although Hang Sang (Siu Po) is small sized, it has also successfully entered into the supply system of global leading brand owner companies as a qualified supplier, and has developed a long term and stable business relationship by providing high quality products and services. Based on publicly available information, Hang Sang (Siu Po) has achieved a similar level of profitability compared to companies involved in apparel tag and label printing business in the industry.

As our Group has acquired advanced printing machines and tailor-made ERP system, we are able to implement production schedules flexibly to meet customer needs. We have established diversified customer base and maintained working relationship with the Garment Brand Companies for more than 8 years. Thus, our Directors consider that we are able to operate competitively.

ENVIRONMENTAL PROTECTION, HEALTH AND WORK SAFETY

We are subject to various laws and regulations regarding environment protection, health and workplace safety in Hong Kong. Please refer to the section headed “Regulations” in this prospectus for further information.

Environmental protection

Our production facilities and printing process discharge various kinds of wastes. The primary wastes produced in our production process are used paper, used printing plates, chemicals and sewage. Most of the used paper and used printing plates can be recycled and such materials were collected by an independent waste collector (which was a member of Hong Kong Recycle Materials & Re-production Business General Association Limited)

during the Track Record Period, and we changed to another independent waste collector (which is a member of Hong Kong Recycle Materials & Re-production Business General Association Limited for the year 2016) for collection of such materials since December 2015. Chemicals and sewage include wastewater produced in the printing process and the chemical solution from the cleaning of our printing machines. From November 1999 and up to 18 October 2015, we discharged effluent into the sewer without a water pollution control licence issued by the Environmental Protection Department in Hong Kong as required under the Water Pollution Control Ordinance, and did not register as a chemical waste producer with the Environmental Protection Department in Hong Kong until 19 October 2015 for the handling of chemical solution. Please refer to the section headed “Regulatory compliance – Major non-compliance matters of our Group during the Track Record Period and as at the Latest Practicable Date” in this section for details of our licensing status, the non-compliance incidents relating to our disposal of wastewater during the Track Record Period and our remedial measures taken. We were registered as a chemical waste producer with the Environmental Protection Department in Hong Kong on 19 October 2015. We submitted an application for a licence under the Water Pollution Control Ordinance to the Environmental Protection Department in Hong Kong in November 2015. We have installed a liquid waste treatment system in March 2016 which helps filter and recycle the wastewater produced. After the wastewater has been processed by the liquid waste treatment system, it will re-enter the relevant machine and no wastewater will be discharged into the sewer. In view that there will not be discharge of wastewater into the sewer, we have confirmed with the Environmental Protection Department that no water pollution control licence is required and Hang Sang (Siu Po) has withdrawn its application for a licence under the Water Pollution Control Ordinance on 4 March 2016.

During the Track Record Period, we did not incur any costs for environment compliance matters. We have appointed a chemical waste collection company (which is licensed to collect and transport chemical waste and licensed to dispose of waste) in November 2015 to collect all the chemical waste and purchased a liquid waste treatment system in the amount of approximately HK\$0.1 million in February 2016. Our Directors anticipate that the amount of expenses that we may incur approximately HK\$0.3 million for the year ending 30 June 2016 for environment compliance matters.

Health and work safety

We carry out our production in Hong Kong. We provide internal guidelines on work safety for our employees. We also make necessary arrangements such as providing our production staff with ear-plugs and safety gloves to ensure safety and health.

During the Track Record Period, we did not breach any work safety related laws and regulations in Hong Kong. During the Track Record Period and up to the Latest Practicable Date, we received one claim of work-related injury of an employee and the total compensation amount of approximately HK\$10,000 was fully covered by employees’ compensation insurance in January 2015. Injury of another employee was duly reported to the Labour Department in November 2015 and the case was assessed by the Employees’ Compensation (Ordinary Assessment) Board on 3 March 2016. The total amount of compensation was assessed to be HK\$40,243.84 pursuant to the certificate of compensation

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assessment dated 24 March 2016, which was fully settled by our Group on 11 April 2016. Save as disclosed, we did not receive any claims of work-related injuries of our employees or ex-employees during the Track Record Period and up to the Latest Practicable Date.

RISK MANAGEMENT

We have established and implemented a risk management policy to address various potential internal and external risks identified in relation to our operations, including strategic risks, operational risks, financial risks and legal risks. Our risk management policy sets forth procedures to identify, assess, handle, mitigate and monitor various risks. Our management will hold regular meetings on a monthly basis to discuss and assess various potential internal and external risks, and formulate continuing measures to minimise the occurrence of such risks.

Findings and recommendation by the internal control adviser

To assist the assessment of the adequacy and effectiveness of the internal control system of our Group, our Group has engaged Ascenda Cachet, an independent internal control adviser, in August 2015 to assess and identify material weaknesses in the procedures, systems and controls (including accounting and management systems) of A W Printing and Hang Sang (Siu Po) such as their current and existing internal financial controls, operational and compliance controls, risk management policies and systems, and corporate governance policies and procedures (the “**Internal Controls**”). Ascenda Cachet has completed its first stage review of internal control system of A W Printing and Hang Sang (Siu Po) in September 2015 (the “**First Stage Review**”) and performed a follow-up review in October 2015 (the “**Follow-Up Review**”) based on the adoption of the recommendations provided by Ascenda Cachet.

Set out below are the background and detailed industry experience of Ascenda Cachet:

Ascenda Cachet was established in 2011, an affiliate company of Ascenda Cachet CPA Limited, which specialises in internal control reviews.

Ascenda Cachet CPA Limited and Ascenda Cachet have experience on:

- (a) reviewing the internal control system of company(ies) for the purpose of listing on the Stock Exchange, and making recommendation on any measures which, in the opinion of the firm, the listed group should take in order to rectify any material weaknesses which have been identified in its systems and procedures; and
- (b) reviewing the internal control system of companies listed in Hong Kong or Singapore or company(ies) in the process of preparing for the resumption of trading in Hong Kong to see whether it is fulfilling its obligations and requirements to comply with the Listing Rules (for companies listed in Hong Kong or prepared for resumption of trading in Hong Kong) or the relevant code of corporate governance requirements issued by Singapore Exchange Securities Trading Limited (for companies listed in Singapore); and making recommendation

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on any measures which, in the opinion of the firm, the listed group should take in order to rectify any material weaknesses which have been identified in its systems and procedures.

The material findings identified by Ascenda Cachet with high risk level and the recommendations given by Ascenda Cachet are summarised as follows:

Material weakness with high risk level was identified in the First Stage Review	Recommendation made by Ascenda Cachet in the First Stage Review	Measures taken by A W Printing and Hang Sang (Siu Po)	Findings in the Follow-Up Review
Cost of Production			
The direct labour cost and direct overhead (collectively, the “ Production Costs ”) were fully recognised as cost of goods sold when they were incurred. No absorption system was established in respect of the absorption of the Production Costs to the closing inventories.	A W Printing and Hang Sang (Siu Po) should keep a BOM sheet system for each product and adopt the appropriate absorption system for the Production Costs. Also, the chief financial officer (the “ CFO ”) should perform a regular review on the BOM sheet and such absorption system for the Production Costs.	A W Printing and Hang Sang (Siu Po) would keep a BOM sheet system for each product and adopt the appropriate absorption system for the Production Costs since 1 July 2015. The CFO would review the BOM sheet and such absorption system for the Production Costs based on a monthly basis.	A W Printing and Hang Sang (Siu Po) have established a BOM sheet system and an appropriate absorption system for the Production Costs since 1 July 2015. The CFO has reviewed such BOM sheet and absorption system for the Production Costs on a monthly basis.
Besides, A W Printing and Hang Sang (Siu Po) did not have a bill of materials system (“ BOM sheet system ”) for calculating its unit cost (the “ Unit Cost ”) of the closing inventories. The Unit Cost was calculated by A W Printing and Hang Sang (Siu Po) based on the subsequent selling prices and the estimated gross profits.			
As a result, the closing inventories and related cost of goods sold would not be accurately and fairly stated in the financial statements of A W Printing and Hang Sang (Siu Po).			

In response the above recommendations from Ascenda Cachet, our Directors consider that the BOM sheet system for each product and the appropriate absorption system for the Production Costs have been properly established since 1 July 2015.

Prior to 1 July 2015, finished goods were valued at a certain percentage of the selling price of the relevant products. Such percentage was arrived at by our Directors’ general estimation on net profit margin that can be earned by our Group (after deduction of cost of sales, administrative expenses and selling expenses) on our finished goods.

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For the preparation of our combined financial information for each of the years ended 30 June 2013, 2014 and 2015 included in the Accountants' Report as set out in Appendix I to this prospectus, our Group has adopted the appropriate absorption system for the Production Costs established after 1 July 2015.

EMPLOYEES

As at the Latest Practicable Date, we had a total of 101 full-time employees, all of whom were located in Hong Kong. The following table sets out a breakdown of our employees by function as at the Latest Practicable Date:

	As at the Latest Practicable Date <i>Number of full-time employees</i>
Executive Directors	3
General manager	1
Chief financial officer	1
Administration and human resources (<i>Note</i>)	9
Accounting	3
Sales	11
Production	22
Data processing	20
Warehouse	4
Subcontracting (<i>Note</i>)	3
Quality control	1
Logistics	23
	<hr/>
Total	101

Note: As at the Latest Practicable Date, an employee working for and classified under the subcontracting department also worked for the purchasing function under the administration and human resources department.

Training

We provide on-the-job training and training programmes to our staff to enhance their technical and product knowledge including safety standards, quality control and job related skills.

Directors and staff remuneration

Our Group incurred staff costs (including directors remuneration) of approximately HK\$24.4 million, HK\$25.8 million, HK\$24.3 million and HK\$10.0 million for the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015, respectively.

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In order to attract and retain valuable employees, our Group reviews the performance of our employees annually and such review results will be taken into account while having the annual salary review and promotion appraisal.

Welfare contribution

We maintain employees' compensation insurance as required under the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) for all our employees and medical insurance for some of our employees. We also participate in a provident fund scheme (the "MPF Scheme") registered under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all our eligible employees in Hong Kong. As required under the ordinance, 5% of our employees' relevant income per month is contributed to the provident fund, subject to a maximum of HK\$1,500 per employee per month.

During the Track Record Period, our Group's contribution to the MPF Scheme for the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015 were approximately HK\$0.9 million, HK\$0.9 million, HK\$1.0 million and HK\$0.4 million, respectively.

Employee relationship

Our Group believes that we have maintained good relationship with the employees, and our management policies, working environment, development opportunities and employee benefits have contributed to maintenance of good employee relations and employee retention. Our Directors believe that we have fostered a supportive workplace culture, which offers a platform to attract and retain employees and have not experienced any significant labour dispute over the Track Record Period.

During the Track Record Period, our Group has not experienced any work stoppage or labour strike and has not experienced any significant difficulty in recruiting or retaining qualified staff. To the best knowledge of our Directors, our Group's employees are not represented by any collective bargaining agreements or labour unions.

Share Option Scheme

Our Group has conditionally adopted the Share Option Scheme under which certain employees, consultants and advisers of our Group including the executive Directors may be granted options to subscribe for Shares. The principal terms of the Share Option Scheme are summarised the section headed "Statutory and General Information – "D. Share Option Scheme" in Appendix IV to this prospectus.

PROPERTIES

As at the Latest Practicable Date, we did not own any real property and we leased properties in Hong Kong (excluding car parks) from an Independent Third Party at Flats A to D on 1/F, Flats A to D on 2/F, Flats A, C and D on 3/F, Flats B and D on 4/F, Flats B, C and D on 5/F, and Flat A on 8/F of Gee Hing Chang Industrial Building, No. 16 Cheung Yue

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Street, Cheung Sha Wan, Kowloon, Hong Kong, with a total usable area of approximately 33,000 sq.ft., mainly for our production facilities, warehouses, and office purposes. The leases of premises for the use as our offices, production facilities and warehouses are mainly for a term of two years from 1 July 2014 to 30 June 2016 (except for the lease for a warehouse unit which is for a term from 15 September 2014 to 14 July 2016). The leases are not subject to an option to renew. Our Company is now in negotiation with the landlord to renew the leases of our existing premises for production facilities, warehouses, and office purposes. Prior to the Listing, we will enter into the tenancy agreements for the renewal with the landlord. Our Directors expect that there will be no difficulties for the renewal of such tenancy agreements before the Listing. Our Directors also confirmed that up to the Latest Practicable Date, our Group has not received any indication from the landlord that it would not renew the tenancy agreements with us before the Listing.

Our Directors consider that it is not necessary to have contingency measures in the event that we fail to renew the leases for our leased properties as our leased properties are industrial buildings for general industrial or office use. There are no special requirements for housing our business and operations. As such, our Directors do not envisage major difficulties to find alternative industrial buildings in Hong Kong, if necessary. In addition, there has not been any failure for us to renew the leases for our leased properties in the past. In the event that we fail to renew the leases for our leased properties, our Directors consider that it would take no more than four months to relocate our office, production facilities and machines to the alternative premises; and if that happens, we will gradually move our production to the new premises and maintain certain production in our existing premises until the relocation completes in order to minimise interruption to our business operation.

Please refer to the paragraph headed “We may not be able to continue to use certain leased properties” in the “Risk Factors” section of this prospectus for the breach of the relevant tenancy agreement which stipulates that the use of the properties is for industrial purpose as risk factor.

As at the Latest Practicable Date, we did not have any property interest that forms part of property activities as defined in Rule 5.01(2) of the Listing Rules and section 6 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

INTELLECTUAL PROPERTY RIGHTS

We have applied for the registration of four trade marks in Hong Kong. We are also the registered owner of two domain names. For further information, please refer to the section headed “Statutory and General Information – B. Further information about our business – 2. Intellectual property rights” in Appendix IV to this prospectus.

As at the Latest Practicable Date, we were not involved in any litigation relating to the infringement of any intellectual property rights belonging to third parties in respect of our products. Our Directors have confirmed that neither our Group nor any of our Directors have received any notice of any infringement of intellectual property rights up to the Latest Practicable Date.

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INSURANCE

As at the Latest Practicable Date, we maintained insurance policies to protect us against bodily injury and property damage claims, property all risks insurance for our inventories, property, plant and equipment, employees' compensation insurance and medical insurance for our employees.

During the Track Record Period, we had not made any material insurance claims. Our Directors consider that the above insurance plans and amounts insured are sufficient to cover the operational risks and protect us from any potential loss or damage and are in line with the industry norm.

LEGAL PROCEEDINGS

We may be involved in legal proceedings in the ordinary course of our operations. As at the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance. In addition, our Directors are not aware of any litigation, arbitration or claim pending or threatened by or against us which may have a material adverse effect on our business, financial condition or results of operations.

REGULATORY COMPLIANCE

During the Track Record Period up to the Latest Practicable Date, save as disclosed in the paragraph headed "Major non-compliance matters of our Group during the Track Record Period and as at the Latest Practicable Date" below, we had complied with all major applicable laws and regulations in Hong Kong in all material respects.

Major non-compliance matters of our Group during the Track Record Period and as at the Latest Practicable Date

During the Track Record Period and as at the Latest Practicable Date, we had inadvertently contravened (i) the Predecessor Companies Ordinance, (ii) the Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong), (iii) the Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong) and (iv) the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong). A summary of the major non-compliance matters of our Group during the Track Record Period and as at the Latest Practicable Date is set out below.

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(I) Non-compliance under the Predecessor Companies Ordinance

Relevant section(s) of the ordinance/regulation	Name(s) of our Group companies	Particulars of the non-compliance	Reason of the non-compliance	Possible legal consequences and maximum financial impacts	Whether provisions have been made	Rectification action(s)
Section 122 of the Predecessor Companies Ordinance	Hang Sang (Siu Po) and A W Printing	<p>Hang Sang (Siu Po) failed to lay its audited financial statements at its respective annual general meetings for the years ended 2012 and 2014 within the prescribed time limit.</p> <p>A W Printing failed to lay its audited financial statements at its respective annual general meetings for the years ended 2012, 2013 and 2014 within the prescribed time limit.</p>	During the material period, our Group companies were not familiarised with the specific requirements under the Predecessor Companies Ordinance, and did not have a company secretarial department with relevant work experience to handle company secretarial matters and to ensure compliance with the Predecessor Companies Ordinance.	The relevant company and its directors may be liable to a maximum fine of HK\$300,000, and for the directors of the relevant company, they may also be liable together with such fine, imprisonment for 12 months each for each offence.	No (Note 1)	To prevent the recurrence of non-compliance matters, our Company will engage our company secretary who has the relevant work experience to handle company secretarial matters and to ensure compliance with the Companies Ordinance. (Note 2)

(II) Non-compliance under the Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong)

Relevant section(s) of the ordinance/regulation	Name(s) of our Group companies	Particulars of the non-compliance	Reason of the non-compliance	Possible legal consequences and maximum financial impacts	Whether provisions have been made	Rectification action(s)
Section 6 of the Waste Disposal (Chemical Waste) (General) Regulations	Hang Sang (Siu Po)	From November 1999 to 18 October 2015, Hang Sang (Siu Po) did not register as a chemical waste producer with the Environmental Protection Department in Hong Kong.	During the material period, our Group did not have a designated staff specifically to handle the production of chemical waste and to ensure compliance with the relevant ordinance and regulations.	Any person (which includes the company and its directors) produces chemical waste without registration is liable on conviction to a maximum fine of HK\$200,000 and to imprisonment for six months, and a maximum daily fine of HK\$10,000.	No (Note 3)	Hang Sang (Siu Po) was registered as a chemical waste producer with the Environmental Protection Department in Hong Kong on 19 October 2015.

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(III) Non-compliance under the Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong)

Relevant section(s) of the ordinance/regulation	Name(s) of our Group companies	Particulars of the non-compliance	Reason of the non-compliance	Possible legal consequences and maximum financial impacts	Whether provisions have been made	Rectification action(s)
Section 9 of the Water Pollution Control Ordinance	Hang Sang (Siu Po)	From November 1999 to November 2015, Hang Sang (Siu Po) did not obtain a water pollution control licence issued by the Environmental Protection Department in Hong Kong as required for discharging effluent into the sewer under the Water Pollution Control Ordinance.	During the material period, our Group did not have a designated staff specifically to handle the discharge of effluent and to ensure compliance with the relevant ordinance and regulations.	The relevant company may be liable (a) for the first offence, to a maximum fine of HK\$200,000, (b) for the second or subsequent offence, to a maximum fine of HK\$400,000. If it is a continuing offence, the relevant company may be liable to an additional maximum daily fine of HK\$10,000. The directors of the relevant company may also be held liable and the maximum imprisonment is for 6 months.	No (Note 4)	<p>Hang Sang (Siu Po) applied to the Environmental Protection Department in Hong Kong for a water pollution control licence on 26 November 2015.</p> <p>The Company has installed a liquid waste treatment system in March 2016 which helps filter and recycle the wastewater produced. After the wastewater has been processed by the liquid waste treatment system, it will re-enter the relevant machine and no wastewater will be discharged into the sewer. In view that there will not be discharge of wastewater into the sewer, the Company has confirmed with the Environmental Protection Department that no water pollution control licence is required and Hang Sang (Siu Po) has withdrawn its application for a licence under the Water Pollution Control Ordinance on 4 March 2016.</p>

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(IV) Non-compliance under the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong)

Relevant section(s) of the ordinance/regulation	Name(s) of our Group companies	Particulars of the non-compliance	Reason of the non-compliance	Possible legal consequences and maximum financial impacts	Whether provisions have been made	Rectification action(s)
Section 41 of the Employees' Compensation Ordinance	Hang Sang (Siu Po)	From January 2012 to October 2015, Hang Sang (Siu Po) failed to ensure that the numbers of employees as stated in the relevant notices of employees' compensation insurance as at the dates thereof were correct.	During the material period, our Group did not have a designated staff specifically to handle the relevant insurance matters and to ensure compliance with the relevant ordinance and regulations.	The relevant company may be liable to a maximum fine of HK\$50,000 for each offence.	No (Note 5)	<p>Hang Sang (Siu Po) obtained a new notice of employees' compensation insurance on 8 October 2015.</p> <p>Designated staff of our Group will keep and maintain a regular review of our Group's head count to reflect sufficient coverage of insurance.</p> <p>Our Group will verbally inform the insurance company before employing any new employees if the new employment will cause the actual number of employees to exceed the estimated number of employee on the relevant schedule to the insurance policy.</p>

Notes:

- (1) According to the Hong Kong Legal Counsel, since the non-compliance matters are not the worst type of cases, the chance of prosecution is relatively low and if prosecuted, the chance of maximum sentence being imposed is relatively low. As such, no provision has been made in our Group's financial statements. The chance of imprisonment of the directors of Hang Sang (Siu Po) and A W Printing is unlikely.
- (2) According to the Hong Kong Legal Counsel, based on recent case law, the delay in laying the audited financial statements is technical and of a minor nature. The Hong Kong Legal Counsel is of the view that there is no basis for making rectification applications to the relevant court of Hong Kong for rectifying these non-compliance matters solely for the purpose of the application of the Listing as the relevant court of Hong Kong is likely to consider such rectification applications as academic and artificial, and is not likely to grant an order rectifying the non-compliance matters.
- (3) According to the Hong Kong Legal Counsel, since the non-compliance matter involved a breach occurred prior to the registration as a chemical waste producer, the chance of recurrence of the offence is relatively low, and the chance of prosecution for the past breach is relatively low. Even if

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there is any prosecution, the Hong Kong Legal Counsel forms a view that the chance of maximum sentence being imposed is relatively low. As such, no provision has been made in our Group's financial statements.

- (4) According to the Hong Kong Legal Counsel, since a liquid waste treatment system has been installed, the Hong Kong Legal Counsel is of the view that the chance of prosecution for breaches of the Water Pollution Control Ordinance in the past is relatively low because although at some stage in the past, Hang Sang (Siu Po) had not obtained a water pollution control licence, the application for such a licence and the installment of the liquid waste treatment system after that are strong indications of Hang Sang (Siu Po)'s inclination to comply with the requirements and restrictions of the Water Pollution Control Ordinance. There is no practical purpose to be achieved by the prosecution of the past breaches since the abiding by of the Water Pollution Control Ordinance by Hang Sang (Siu Po) can be expected. Another matter is it may be difficult or disproportionate laborious for the Environmental Protection Department to gather evidence to determine the components in the discharges in the past by Hang Sang (Siu Po) to prove that the effluent discharged into the sewer contained substances requiring a licence under the Water Pollution Control Ordinance. The Hong Kong Legal Counsel is of the view that even if there is any prosecution, the chance of maximum sentence being imposed and/or prison sentence being imposed on the directors of Hang Sang (Siu Po) upon convictions is also relatively low.
- (5) According to the Hong Kong Legal Counsel, since the nature of the non-compliance matter is not the most serious type of the offence, and all the employees of Hang Sang (Siu Po) were in fact covered by the relevant employees' compensation insurance during the material period, and given that the notice of the insurance currently in force has been rectified, the chance of prosecution for the breach is relatively low. Even if there is any prosecution, the Hong Kong Legal Counsel forms a view that the chance of maximum sentence being imposed is relatively low. As such, no provision has been made in our Group's financial statements.

Since our Group has already taken steps to rectify and/or prevent the recurrence of the above non-compliance matters, and we were not aware of any investigation into such non-compliance matters in Hong Kong against our Group and our Directors during the Track Record Period and as at the Latest Practicable Date, the Hong Kong Legal Counsel is of the view that the chance of prosecution against the relevant company of our Group and its relevant directors is relatively low, and even if the relevant authority chooses to prosecute the relevant company of our Group and its relevant directors, the chance of imprisonment of the relevant directors is relatively low in view of the nature of the offences.

Corporate governance measures to prevent recurrence of non-compliance matters

Our Group has taken measures to prevent future occurrence of the above-mentioned non-compliance matters and improve our corporate governance to ensure compliance with various applicable laws and regulations going forward.

We designated our executive Director, Mr Alex Fung, and our chief financial officer, Mr Li Kit Chung (“**Mr Li**”), to regularly review the relevant legal and other regulations and as and when appropriate to seek legal advice to ensure our Group will properly comply with the regulations.

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To further enhance the effectiveness of our internal control system and to prevent the recurrence of the above-mentioned non-compliance matters, we have specifically adopted the following internal control measures:

Issues	Measures
Compliance under the Companies Ordinance	We have appointed Mr Li, our chief financial officer, who has more than eight years of experience in accounting, as our company secretary who will be responsible for company secretarial matters for our Group. Mr Li joined our Group since August 2015. He was awarded a bachelor's degree of commerce (honours) in accounting at the Hong Kong Shue Yan University (formerly known as the Hong Kong Shue Yan College) in July 2006 and has become a certified public accountant of the Hong Kong Institute of Certified Public Accountants since May 2010. Our Directors believe that our Group will be able to draw on his expertise and experience with respect to compliance with the applicable legal and financial reporting requirements. Please see the section headed "Directors, Senior Management and Employees" for detailed information of Mr Li.
Compliance under the Waste Disposal Ordinance and the Water Pollution Control Ordinance	We will designate Mr Alex Fung, our executive Director, and Mr Li, our chief financial officer, to supervise the compliance with the relevant legal and other regulations and the application and renewal of the relevant licence and to keep track of the pending expiration date of the licence for coordinating on timely basis the preparation and submission of the relevant application and/or renewal approvals. Please see the section headed "Directors, Senior Management and Employees" for detailed information of Mr Alex Fung and Mr Li.

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Hang Sang (Siu Po) was registered as a registered chemical waste producer under Waste Disposal (Chemical Waste) (General) Regulations on 19 October 2015. We submitted an application for a licence under the Water Pollution Control Ordinance to the Environmental Protection Department in Hong Kong in November 2015. The Company has installed a liquid waste treatment system in March 2016 which helps filter and recycle the wastewater produced. After the wastewater has been processed by the liquid waste treatment system, it will re-enter the relevant machine and no wastewater will be discharged into the sewer. In view that there will not be discharge of wastewater into the sewer, the Company has confirmed with the Environmental Protection Department that no water pollution control licence is required and Hang Sang (Siu Po) has withdrawn its application for a licence under the Water Pollution Control Ordinance on 4 March 2016.

Compliance under the Employees' Compensation Ordinance

Designated staff of our Group will keep and maintain a regular review of our Group's head count to reflect sufficient coverage of insurance.

Our Group will verbally inform the insurance company before employing any new employees if the new employment will cause the actual number of employees to exceed the estimated number of employee on the relevant schedule to the insurance policy.

Based on the rectification measures taken, our enhanced internal control procedures in place, together with the monitoring by our executive Director, Mr Alex Fung, and our chief financial officer, Mr Li, of the continuing compliance of the relevant legal and regulatory requirements, our Directors are of the view and the Joint Sponsors concur that the internal control measures and policies adopted by our Group are adequate, effective and fit for its current operational environment in reducing the risk of future non-compliance with the applicable legal and regulatory requirements.

FINANCIAL INFORMATION

You should read the following discussion and analysis of our Group's financial condition and results of operations together with our combined financial information as at and for each of the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015, and the accompanying notes included in the Accountants' Report set out in Appendix I to this prospectus. The Accountants' Report has been prepared in accordance with HKFRSs. Potential investors should read the whole of the Accountants' Report set out in Appendix I to this prospectus and not rely merely on the information contained in this section. The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. For additional information regarding these risks and uncertainties, please refer to the section headed "Risk Factors" in this prospectus.

OVERVIEW

We are principally engaged in the manufacturing and sale of apparel labels and packaging printing products to customers which comprised mainly garment manufacturers and garment related accessories trading companies, and occasionally to garment brand companies. Our products include hangtags, size tapes, labels (such as woven labels, heat transfer labels and printed labels), header cards, stickers, price tickets, plastic packaging bags, and packaging boxes.

Our production facilities, office and warehouses are located in Hong Kong. We engage external subcontractors for the provision of printing finishing services, which we consider as more labour intensive, such as certain die-cutting processes, hot stamping, grommeting, paper lamination and hangtag or label stringing. In addition, we engage external subcontractors for the production of certain products which are non-paper products or involve technologies that our Group currently does not have, such as woven labels, plastic packaging bags and heat transfer labels.

We generated revenue from local and overseas market including but not limited to South Korea, Taiwan, Vietnam, China, India, Indonesia, Sri Lanka and the United States.

MAJOR FACTORS AFFECTING THE GROUP'S REVENUE AND RESULTS OF OPERATIONS

The Directors believe that the following major factors may affect our Group's revenue and results of operations:

Economic conditions in Hong Kong

Our operations and our production facilities are in Hong Kong. A large portion of our revenue was generated in Hong Kong during the Track Record Period. We expect that Hong Kong will continue to be our place of operations. Accordingly, if Hong Kong experiences any adverse economic, political or regulatory conditions due to events beyond our control, such as local economic downturn, natural disasters, contagious disease outbreaks, terrorist attacks, or if the government adopts regulations that place restrictions or burdens on us or on our industry in general, our business, financial condition, results of operations and prospects may be materially and adversely affected. In addition, we do not have business

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presence in overseas jurisdictions, and may have difficulties in relocating our entire business operations to other geographic markets if there is any material deterioration in the economic, political and regulatory environment in Hong Kong.

Reliance on relationship with the Garment Brand Companies

Our products were mainly sold to garment manufacturers and garment related accessories trading companies, ultimately for the use as labels on or packaging materials for finished garments of the Garment Brand Companies. Revenue generated from the sale of products aiming to be ultimately used as labels on or packaging materials for finished garments of the Garment Brand Companies amounted to approximately HK\$116.4 million, HK\$120.0 million, HK\$125.1 million and HK\$41.4 million, respectively, representing approximately 97.3%, 95.1%, 94.0% and 93.4% of the total revenue of our Group respectively for the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015. Our Directors anticipate that the demand for our apparel labels and packaging printing products sourced by our customers for ultimate use as labels on or packaging materials for finished garments of these Garment Brand Companies will continue to represent a significant portion of our revenue in the near future. In addition, our Directors understand that these Garment Brand Companies have not entered into long-term contracts with our customers.

If there is any adverse change in the political, economic or social conditions, foreign trade or monetary policies, or legal or regulatory requirements or taxation or tariff regime in the United States or any other jurisdictions in which these Garment Brand Companies operate, or these Garment Brand Companies do not place purchase orders with our customers at the same level or on similar terms which they have historically done so, or at all, in the future, or our products are no longer used by these Garment Brand Companies for their products, our business, financial condition and results of operations may be materially and adversely affected.

Fluctuations of raw material price

The principal raw materials used in the production of our products are paper, and ink and chemical components. We set out below our approximate purchase amount of paper, and ink and chemical components and their respective approximate percentage to our total purchases of materials and services (including subcontracting services) from our suppliers during the Track Record Period.

	Year ended 30 June						Four months ended 31 October 2015	
	2013		2014		2015		2015	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Paper	19,384	40.6	18,591	40.3	17,266	34.8	5,884	39.2
Ink and chemical components	1,762	3.7	1,956	4.2	1,861	3.7	550	3.7

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During the Track Record Period, the average purchase price of paper, and ink and chemical components is set out below:

	Year ended 30 June			Four months ended
	2013	2014	2015	31 October 2015
	HK\$	HK\$	HK\$	HK\$
Paper (per ream)	1,932	1,642	1,676	1,524
Ink and chemical components (per kg)	120	75	62	63

Average purchase price of paper decreased from the year ended 30 June 2013 to the years ended 30 June 2014 and 2015 despite the global prices of paper and paperboard products were on an upward trend according to the EY Advisory Report (please refer to the paragraph headed “Prices of paper and paperboard products” under “Constraints” of the “Industry Overview” section of this prospectus) mainly because our Group reduced purchasing paper from countries with relatively higher prices (such as Japan) while increased purchasing paper from countries (mainly the PRC) with relatively lower prices, which in general lowered our average purchase price of paper. Average purchase price of paper for the four months ended 31 October 2015 was lower than that of the year ended 30 June 2015 as a result of the increase in purchasing paper with lower prices in general.

Average purchase price of ink and chemical components decreased largely from the year ended 30 June 2013 to the years ended 30 June 2014 and 2015 and the four months ended 31 October 2015 mainly because the six-colour offset printing machine was acquired in the second half of year 2013. This six-colour offset printing machine utilises water-based varnish and the cost of which is much lower than ultraviolet oil-based varnish that is utilised by other offset printing machines of our Group.

We have not adopted any hedging policy for forward purchase of paper, and ink and chemical components. The price of these raw materials is affected by a number of factors beyond our control, such as the global demand and supply of wood pulp, oil price, general economic condition, and environmental and conservation related regulations. If the price of our raw material supplies substantially increases, we may incur additional costs to acquire sufficient quantity of these materials to meet our production needs. We may not be able to pass on these additional costs to our customers.

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BASIS OF PRESENTATION

Pursuant to our Reorganisation as detailed in the section headed “History, Development and Reorganisation”, our Company became the holding company of the companies now comprising our Group on 13 November 2015.

Throughout the Track Record Period, the companies comprising our Group were under the control of our Controlling Shareholders. Accordingly, for the purpose of the preparation of the Financial Information of our Group, our Company has been considered as the holding company of the companies now comprising our Group throughout the Track Record Period. Our Group comprising our Company and its subsidiaries resulting from our Reorganisation as detailed in the section headed “History, Development and Reorganisation” is regarded as a continuing entity. Our Group was under the control of our Controlling Shareholders prior to and after our Reorganisation and that control was not transitory. Financial Information comprises our Company and its subsidiaries. The Financial Information has been prepared using the principles of merger accounting as if our Group had always been in existence.

BASIS OF PREPARATION

The Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standard issued by the Hong Kong Institute of Certified Public Accountants. The Financial Information also complies with the applicable disclosure provisions of the Listing Rules and the Companies Ordinance.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of the combined financial information in conformity with HKFRSs requires our Group to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Certain key accounting policies, judgements and estimations applied in preparing our Group’s financial information are discussed below.

Key accounting policies

(a) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

Sales of goods are recognised upon transfer of the significant risks and rewards of ownership to the customer. This is usually taken as the time when the goods are delivered and the customer has accepted the goods;

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Commission income is recognised when the related services are rendered; and

Interest income is recognised as it accrues using the effective interest method.

(b) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes purchase price and expenditure that is directly attributable to the acquisition of the item.

Depreciation of property, plant and equipment is provided to write off the cost less their residual values over their estimated useful lives using the straight-line method, at the following rates per annum:

Plant and machinery	10 to 30%
Motor vehicles	30%
Furniture and fixtures	20%
Office equipment	20%

The assets' residual values, depreciation method and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The gain or loss arising from the retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to our Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other expenses, such as repairs and maintenance, are charged to profit or loss during the financial year in which they are incurred.

(c) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the first-in-first-out method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised

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as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(d) Impairment of non-financial assets

Property, plant and equipment and investment in a subsidiary in the statement of financial position of the Company are subject to impairment testing. They are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (that is, a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Impairment loss is charged pro rata to the assets in the cash-generating unit except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal or value in use, if determinable.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Critical accounting estimates and judgements

(a) Depreciation charges of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value, if any. Our Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded at the end of each reporting period. The useful lives are based on our Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

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(b) Impairment of trade and other receivables

Impairment losses on trade and other receivables are assessed and recognised based on management's regular review of ageing analysis and evaluation of collectability. A considerable level of judgement is exercised by management when assessing the creditworthiness and collection history of each party. Any increase or decrease in impairment losses would affect profit or loss in future periods. For the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015, impairment losses of approximately HK\$0.4 million, HK\$0.3 million, HK\$Nil and HK\$0.2 million, respectively, have been provided for trade and other receivables.

(c) Write-down of inventories

Our Group performs regular review of the carrying amounts of inventories with reference to aged inventories analysis, historical consumption trends and management judgement. Based on this review, write-down of inventories will be made when the carrying amounts of inventories decline below their estimated net realisable value. Due to changes in market trends, actual consumption may be different from estimation and profit or loss could be affected by accuracy of this estimation. For the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015, write-down of inventories of approximately HK\$0.2 million, HK\$0.7 million, HK\$0.6 million and HK\$0.2 million, respectively, have been provided.

Others

For details of other significant accounting policies and key sources of estimation uncertainty relating to our Group's financial information, please refer to Notes 4 and 5 to the Accountants' Report as set out in Appendix I to this prospectus.

RESULTS OF OPERATIONS

The following is a summary of the combined statements of profit or loss and other comprehensive income of our Group for the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015 extracted from the Accountants' Report, the text of which is set out in Appendix I to this prospectus. This summary should be read in conjunction with the Accountants' Report as set out in Appendix I to this prospectus.

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	Year ended 30 June			Four months ended 31 October	
	2013	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				<i>(Unaudited)</i>	
Revenue	119,568	126,275	133,097	44,991	44,371
Cost of sales	<u>(71,863)</u>	<u>(72,307)</u>	<u>(76,251)</u>	<u>(25,712)</u>	<u>(23,356)</u>
Gross profit	47,705	53,968	56,846	19,279	21,015
Other income	1,512	927	1,245	498	467
Selling expenses	(9,305)	(11,283)	(10,856)	(3,482)	(2,750)
Administrative expenses	<u>(16,221)</u>	<u>(15,724)</u>	<u>(14,335)</u>	<u>(4,843)</u>	<u>(12,062)</u>
Profit before income tax	23,691	27,888	32,900	11,452	6,670
Income tax expense	<u>(3,897)</u>	<u>(4,594)</u>	<u>(5,428)</u>	<u>(1,896)</u>	<u>(2,216)</u>
Profit and total comprehensive income for the year/period	<u>19,794</u>	<u>23,294</u>	<u>27,472</u>	<u>9,556</u>	<u>4,454</u>

PRINCIPAL INCOME STATEMENT COMPONENTS

Reasons for revenue growth

Our Group generated revenue mainly from the sale of apparel labels and packaging printing products. Revenue is recognised upon transfer of the significant risks and rewards of ownership to the customer. Revenue is after deduction of any trade discounts.

Our Group generated all revenue directly from its customers. Pricing offered to customers are determined after negotiation and having considered various factors, for example, cost of production or subcontracting, competition, and years of business relationship.

Revenue of our Group increased by approximately 5.6% from approximately HK\$119.6 million to approximately HK\$126.3 million for the year ended 30 June 2014 and further by approximately 5.4% to approximately HK\$133.1 million for the year ended 30 June 2015.

The increase in revenue for the year ended 30 June 2014 was mainly due to (i) the increase in the sales volume (in terms of units sold) while average selling price per unit sold maintained at similar level; and (ii) the increase in sales amount generated from certain existing major customers in the respective year. The increase in revenue for the year ended 30 June 2015 was also mainly due to (i) the increase in the sales volume (in terms of units sold) while average selling price per unit sold maintained at similar level; and (ii) the

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increase in sales amount generated from certain existing major customers in the respective year. Our Directors consider that customers might have been attracted by the benefit of relatively short production lead time brought by the six-colour offset printing machine acquired in the second half of year 2013 which, in turn, resulted in an increase in the volume of our products ordered by customers for the year ended 30 June 2014 and a further increase for the year ended 30 June 2015 (that is, the first full year for the operation of the six-colour offset printing machine).

Revenue of our Group maintained at similar level of approximately HK\$45.0 million and HK\$44.4 million for the four months ended 31 October 2014 and the four months ended 31 October 2015, respectively.

Revenue by geographical areas

A breakdown on revenue of our Group by geographical areas for the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015 is summarised as below:

	2013		Year ended 30 June				Four months ended	
	HK\$'000	%	2014	%	2015	%	31 October 2015	%
	<i>HK\$'000</i>		<i>HK\$'000</i>		<i>HK\$'000</i>		<i>HK\$'000</i>	
Hong Kong	33,334	27.9	34,352	27.2	37,945	28.5	12,127	27.3
South Korea	20,201	16.9	23,980	19.0	23,762	17.9	8,818	19.9
Taiwan	16,851	14.1	17,277	13.7	15,484	11.6	4,154	9.4
Vietnam	7,297	6.1	7,619	6.0	11,804	8.9	4,477	10.1
China	6,923	5.8	8,905	7.1	9,220	6.9	2,035	4.6
India	6,268	5.2	6,357	5.0	4,988	3.7	1,801	4.0
Indonesia	5,745	4.8	6,864	5.4	5,551	4.2	2,093	4.7
Sri Lanka	5,581	4.7	4,232	3.4	3,824	2.9	1,030	2.3
United States	4,577	3.8	6,615	5.2	10,552	7.9	3,620	8.2
Others	12,791	10.7	10,074	8.0	9,967	7.5	4,216	9.5
	<u>119,568</u>	<u>100.0</u>	<u>126,275</u>	<u>100.0</u>	<u>133,097</u>	<u>100.0</u>	<u>44,371</u>	<u>100.0</u>

Note: Others include countries such as El Salvador, Singapore and Malaysia.

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Cost of sales

A breakdown on cost of sales by cost components for the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015 is summarised as below:

	2013		Year ended 30 June 2014		2015		Four months ended 31 October 2015	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Raw materials consumed (Note 1)	41,446	57.7	38,891	53.8	42,226	55.4	11,512	49.3
Direct labour	16,133	22.4	17,089	23.6	16,340	21.4	6,439	27.6
Sub-contracting services (Note 2)	4,830	6.7	5,331	7.4	5,594	7.3	2,199	9.4
Rent	4,019	5.6	4,219	5.8	4,513	5.9	1,512	6.5
Others (Note 3)	5,435	7.6	6,777	9.4	7,578	10.0	1,694	7.2
	<u>71,863</u>	<u>100.0</u>	<u>72,307</u>	<u>100.0</u>	<u>76,251</u>	<u>100.0</u>	<u>23,356</u>	<u>100.0</u>

Notes:

- 1) Raw materials include paper, ink and chemical components and materials fully subcontracted from external subcontractors.
- 2) Sub-contracting services mainly represent services from external subcontractors and do not include materials fully subcontracted from external subcontractors.
- 3) Others mainly include movement of work in progress and finished goods, water and electricity, depreciation on plant and machinery, consumable store, packaging charges and management fee.

Total cost of sales of our Group maintained at similar level of approximately HK\$71.9 million and HK\$72.3 million, respectively, for the years ended 30 June 2013 and 2014. Raw materials consumed decreased slightly by approximately HK\$2.6 million to approximately HK\$38.9 million mainly because more production works were performed by subcontractors for the year ended 30 June 2014. During the year ended 30 June 2014, subcontracting services fee increased by approximately HK\$0.5 million to approximately HK\$5.3 million. Direct labour cost increased by approximately HK\$1.0 million to approximately HK\$17.1 million due to salary increment and increase in bonus. Rental expenses relating to production site increased moderately from approximately HK\$4.0 million to approximately HK\$4.2 million.

Total cost of sales of our Group increased by approximately 5.5% to approximately HK\$76.3 million for the year ended 30 June 2015, which is in line with the growth of sales of the year. Raw materials consumed increased by approximately 8.6% to approximately HK\$42.2 million. However, direct labour cost decreased slightly from approximately HK\$17.1 million to approximately HK\$16.3 million mainly due to better cost control as the year ended 30 June 2015 was the first full year of the newly acquired six-colour offset printing machine in operation. Rental expenses relating to production site increased moderately from approximately HK\$4.2 million to approximately HK\$4.5 million due to renewal of rental agreement in July 2014 with increased monthly rent.

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Total cost of sales of our Group decreased by approximately 9.2% from approximately HK\$25.7 million for the four months ended 31 October 2014 to approximately HK\$23.4 million for the four months ended 31 October 2015 mainly because of the decrease in raw materials consumed. Raw materials consumed decreased by approximately HK\$4.1 million to approximately HK\$11.5 million mainly due to the decrease in purchases of raw materials from subcontractors and the decrease in average purchase price of paper as a result of the increase in purchasing paper with lower prices in general. Subcontracting service fee increased by approximately HK\$0.2 million to approximately HK\$2.2 million because more production works were performed by subcontractors. Direct labour cost increased by approximately HK\$1.1 million to approximately HK\$6.4 million mainly due to the grant of bonus during the four months ended 31 October 2015.

Gross profits and gross profit margins

The gross profits of our Group were approximately HK\$47.7 million, HK\$54.0 million, HK\$56.8 million and HK\$21.0 million, respectively, representing gross profit margins of approximately 39.9%, 42.7%, 42.7% and 47.4%, respectively, for the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015. Our gross profit margin increased for the year ended 30 June 2014 and remained stable for the year ended 30 June 2015 mainly because of the increase in our revenue for both financial years as mentioned under “Reasons for revenue growth” of “Principal income statement components” above; and our cost of sales remained stable for the year ended 30 June 2014 and experienced slight increase for the year ended 30 June 2015 as mentioned under “Cost of sales” above. Our gross profit margin further increased for the four months ended 31 October 2015 compared to the corresponding period in 2014 mainly because our revenue maintained stable and our cost of sales decreased for the period.

Other income

Our Group recorded other income of approximately HK\$1.5 million, HK\$0.9 million, HK\$1.2 million and HK\$0.5 million for the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015, respectively. For the year ended 30 June 2013, other income comprised gain on disposal of two motor vehicles of approximately HK\$0.2 million. The motor vehicles were acquired for the use of our Group and disposed in December 2012. For the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015, there were commission income of approximately HK\$1.1 million, HK\$0.9 million, HK\$1.2 million and HK\$0.4 million, respectively. Commission income represents our Group’s referrals of businesses to a company which is also a customer of our Group during the Track Record Period in Sri Lanka. Our Group currently earned commission income based on a percentage of order amount placed to this company due to referrals from our Group. Please also refer to the paragraph of “Waived commission income” under the paragraph headed “Principal income statement components” below.

Interest income decreased largely from approximately HK\$0.1 million for the year ended 30 June 2013 to approximately HK\$2,000 for each of the two years ended 30 June 2014 and 2015, and approximately HK\$300 for the four months ended 31 October 2015 mainly because of the disposal of a unit trust investment in May 2013.

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Other miscellaneous income amounted to approximately HK\$0.1 million, HK\$26,000, HK\$72,000 and HK\$19,000 for the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015, respectively, which represents mainly the refunds from suppliers.

Selling expenses

Selling expense of our Group increased from approximately HK\$9.3 million for the year ended 30 June 2013 to approximately HK\$11.3 million for the year ended 30 June 2014 and decreased to approximately HK\$10.9 million for the year ended 30 June 2015.

Selling expense of our Group decreased from approximately HK\$3.5 million for the four months ended 31 October 2014 to approximately HK\$2.8 million for the four months ended 31 October 2015.

A breakdown on major selling expenses of our Group for the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2014 and 2015 is set out as below:

	Year ended 30 June			Four months ended 31 October	
	2013	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	<i>(Unaudited)</i>				
Freight charges	611	855	547	145	177
Transportation	565	587	607	238	169
Marketing services fee	8,020	9,669	9,591	3,074	2,379
Other selling expenses	109	172	111	25	25
	<u>9,305</u>	<u>11,283</u>	<u>10,856</u>	<u>3,482</u>	<u>2,750</u>

Freight charges and transportation increased by approximately 22.6% from approximately HK\$1.2 million for the year ended 30 June 2013 to approximately HK\$1.4 million for the year ended 30 June 2014 mainly due to higher distribution and delivery costs as a result of increase in sales. Freight charges and transportation decreased by approximately 20.0% to approximately HK\$1.2 million for the year ended 30 June 2015. Our Directors confirmed that the decrease was mainly because more freight charges were borne by customers and for those deliveries with delivery charges payable by our Group, we conducted the deliveries more by sea rather than by air in the year ended 30 June 2015. Freight charges and transportation maintained at similar level for the four months ended 31 October 2014 and the four months ended 31 October 2015.

When we accept orders from and supply our products to the garment manufacturers designated by certain Garment Brand Companies, we are required to pay a fee to such Garment Brand Companies based on the respective agreements between our Group and such Garment Brand Companies. Marketing services fee paid to them amounted to approximately HK\$3.9 million, HK\$5.1 million, HK\$5.1 million and HK\$0.8 million, respectively, for the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015.

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Our Group also entered into agreements with each of the three marketing services consultants located in the United States, South Korea and India, respectively. All of them are Independent Third Parties except for the marketing services consultant in South Korea which was also a supplier of our Group within the Track Record Period for subcontracting service of heat transfer labels. Marketing services fee paid to the marketing services consultants amounted to approximately HK\$4.1 million, HK\$4.6 million, HK\$4.5 million and HK\$1.6 million, respectively, for the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015.

Please refer to the paragraph headed “Commercial arrangements” of “Business model” under the “Business” section of this prospectus for details.

Marketing services fee increased from approximately HK\$8.0 million for the year ended 30 June 2013 to approximately HK\$9.7 million for the year ended 30 June 2014 mainly because of the increase in fee of approximately HK\$1.2 million paid to Garment Brand Company C. Marketing services fee maintained at approximately HK\$9.7 million and HK\$9.6 million for the years ended 30 June 2014 and 2015, respectively. Marketing services fee decreased from approximately HK\$3.1 million for the four months ended 31 October 2014 to approximately HK\$2.4 million for the four months ended 31 October 2015 mainly due to the decrease in fee of approximately HK\$0.4 million paid to Garment Brand Company B because of the decrease in sales to Garment Brand Company B’s apparel manufacturing vendors for the period and the absence of approximately HK\$0.4 million paid to Garment Brand Company C. Our Group was required to pay Garment Brand Company C with a fee calculated based on a percentage of sales amount on certain product categories of our sales to Garment Brand Company C’s apparel manufacturing vendors. From July 2015 onward, instead of paying the fee to Garment Brand Company C, we deduct the same percentage from pricing on relevant products sold to the apparel manufacturing vendors of Garment Brand Company C. As such, no payment of marketing services fee to Garment Brand Company C was accrued for the four months ended 31 October 2015.

Other selling expenses for the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015 comprise customs duties for overseas courier, postage and courier charges and sample charges paid to our suppliers for product development.

Administrative expenses

Administrative expenses of our Group decreased from approximately HK\$16.2 million for the year ended 30 June 2013 to approximately HK\$15.7 million for the year ended 30 June 2014 and further decreased to approximately HK\$14.3 million for the year ended 30 June 2015.

Administrative expenses of our Group increased from approximately HK\$4.8 million for the four months ended 31 October 2014 to approximately HK\$12.1 million for the four months ended 31 October 2015.

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A breakdown on major administrative expenses of our Group for the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2014 and 2015 is set out as below:

	Year ended 30 June			Four months ended	
	2013	2014	2015	31 October	2015
	HK\$'000	HK\$'000	HK\$'000	2014	2015
				HK\$'000	HK\$'000
				(Unaudited)	
Salaries	3,901	4,284	3,827	1,320	1,825
Directors' remuneration	3,630	3,630	3,636	1,212	1,427
Other employee benefits, mandatory provident fund ("MPF") and staff insurance	731	739	468	212	246
Maintenance – furniture and fixtures	112	279	436	116	21
Depreciation – motor vehicle	672	672	519	173	153
Depreciation – furniture and fixtures	444	571	552	89	96
Rent	745	745	819	266	266
Entertainment	665	669	354	127	–
Printing and stationery	401	499	546	157	154
Water and electricity	261	291	288	113	128
Motor vehicle expenses	304	271	202	71	56
Bank charges	438	431	527	166	153
Bad debts	425	288	–	–	164
Computer program fee	157	186	285	161	–
Telephone and fax	189	193	217	81	68
Cleaning expenses	195	227	240	87	68
Waived commission income	1,496	–	–	–	–
Listing expenses	–	–	–	–	6,288
Other administrative expenses	1,455	1,749	1,419	492	949
	<u>16,221</u>	<u>15,724</u>	<u>14,335</u>	<u>4,843</u>	<u>12,062</u>

Salaries

Salaries increased from approximately HK\$3.9 million to approximately HK\$4.3 million for the year ended 30 June 2014 mainly due to salary increment and increase in bonus. Salaries reduced to approximately HK\$3.8 million for the year ended 30 June 2015 mainly because of the resignation of a senior staff in March 2014.

Salaries increased from approximately HK\$1.3 million for the four months ended 31 October 2014 to approximately HK\$1.8 million for the four months ended 31 October 2015 mainly due to the increase in basic salaries and the grant of bonus.

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Directors' remuneration

Directors' remuneration maintained at approximately HK\$3.6 million for each of the years ended 30 June 2013, 2014 and 2015.

Directors' remuneration increased from approximately HK\$1.2 million for the four months ended 31 October 2014 to approximately HK\$1.4 million for the four months ended 31 October 2015 mainly due to the appointment of a new Director, Mr Alex Fung, on 8 October 2015.

Other employee benefits, MPF and staff insurance

Other employee benefits, MPF and staff insurance maintained at approximately HK\$0.7 million for each of the years ended 30 June 2013 and 2014 and decreased to approximately HK\$0.5 million for the year ended 30 June 2015. Other employee benefits of our Group represent office pantry supplies and annual dinner, which amounted to approximately HK\$0.4 million for each of the years ended 30 June 2013 and 2014 and decreased to approximately HK\$0.2 million for the year ended 30 June 2015.

Other employee benefits, MPF and staff insurance maintained at approximately HK\$0.2 million for the four months ended 31 October 2014 and the four months ended 31 October 2015.

Maintenance – furniture and fixtures

Maintenance expenses for furniture and fixtures increased from approximately HK\$0.1 million to approximately HK\$0.3 million for the year ended 30 June 2014 mainly due to additional air-conditional maintenance service paid for certain factory floors occupied by our Group and increased further to approximately HK\$0.4 million for the year ended 30 June 2015 mainly due to the engagement of enterprise resource planning system service provider for information technology system upgrade and maintenance.

Maintenance expenses for furniture and fixtures decreased from approximately HK\$0.1 million for the four months ended 31 October 2014 to approximately HK\$21,000 for the four months ended 31 October 2015 mainly because our Group paid to an external engineering company, which is an Independent Third Party, for handling air-conditioning infrastructure and incurred an amount of approximately HK\$80,000 during the four months ended 31 October 2014.

Depreciation – motor vehicle

Depreciation on motor vehicle maintained at approximately HK\$0.7 million for each of the years ended 30 June 2013 and 2014 and reduced to approximately HK\$0.5 million for the year ended 30 June 2015 mainly because one of the three motor vehicles of our Group had been fully depreciated during the year ended 30 June 2015.

Depreciation on motor vehicle maintained at approximately HK\$0.2 million for the four months ended 31 October 2014 and the four months ended 31 October 2015.

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Depreciation – furniture and fixtures

Depreciation on furniture and fixtures increased from approximately HK\$0.4 million to approximately HK\$0.6 million for the year ended 30 June 2014 mainly because of new addition of furniture and fixtures during the year, and maintained at similar level for the year ended 30 June 2015.

Depreciation on furniture and fixtures maintained at approximately HK\$0.1 million for the four months ended 31 October 2014 and the four months ended 31 October 2015.

Rent

Rental expenses of our Group maintained at approximately HK\$0.7 million for each of the years ended 30 June 2013 and 2014 and increased to approximately HK\$0.8 million for the year ended 30 June 2015 mainly because of increase in rent for the office premises occupied by our Group after the renewal of tenancy agreements.

Rental expenses maintained at approximately HK\$0.3 million for the four months ended 31 October 2014 and the four months ended 31 October 2015.

Entertainment

Entertainment expenses of our Group maintained at approximately HK\$0.7 million for each of the years ended 30 June 2013 and 2014 and largely reduced to approximately HK\$0.4 million for the year ended 30 June 2015 mainly because of cost control effort of our Group.

No entertainment expense was incurred for the four months ended 31 October 2015.

Printing and stationery

Printing and stationery expenses of our Group amounted to approximately HK\$0.4 million for the year ended 30 June 2013 and approximately HK\$0.5 million for each of the years ended 30 June 2014 and 2015.

Printing and stationery expenses maintained at approximately HK\$0.2 million for the four months ended 31 October 2014 and the four months ended 31 October 2015.

Water and electricity

Water and electricity expenses of our Group maintained at approximately HK\$0.3 million for each of the years ended 30 June 2013, 2014 and 2015.

Water and electricity expenses maintained at approximately HK\$0.1 million for the four months ended 31 October 2014 and the four months ended 31 October 2015.

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Motor vehicle expenses

Motor vehicle expenses mainly represent fuel, autotoll and other motor vehicle expenses which amounted to approximately HK\$0.3 million, HK\$0.3 million and HK\$0.2 million for the years ended 30 June 2013, 2014 and 2015, respectively.

Motor vehicle expenses maintained at approximately HK\$0.1 million for the four months ended 31 October 2014 and the four months ended 31 October 2015.

Bank charges

During the years ended 30 June 2013, 2014 and 2015, bank charges were incurred because of receipts of payments through bank transfers. Bank charges for the years ended 30 June 2013, 2014 and 2015 amounted to approximately HK\$0.4 million, HK\$0.4 million and HK\$0.5 million, respectively.

Bank charges maintained at approximately HK\$0.2 million for the four months ended 31 October 2014 and the four months ended 31 October 2015.

Bad debts

Our Group recorded bad debts of approximately HK\$0.4 million, HK\$0.3 million, HK\$Nil and HK\$0.2 million, respectively, for the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015. Bad debts were assessed and recognised based on management's regular review of ageing analysis and evaluation of collectability. A considerable level of judgement is exercised by management when assessing the creditworthiness and past collection history of the relevant party.

Computer program fee

Computer program fee maintained at similar level at approximately HK\$0.2 million for each of the years ended 30 June 2013 and 2014 and increased to approximately HK\$0.3 million for the year ended 30 June 2015. The increase for the year ended 30 June 2015 was mainly due to computer system upgrade.

No computer program fee was incurred for the four months ended 31 October 2015.

Telephone and fax

Telephone and fax expenses maintained at similar level at approximately HK\$0.2 million for each of the years ended 30 June 2013, 2014 and 2015.

Telephone and fax expenses maintained at approximately HK\$0.1 million for the four months ended 31 October 2014 and the four months ended 31 October 2015.

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Cleaning expenses

Cleaning expenses represent office and factory cleaning expenses which maintained at similar level at approximately HK\$0.2 million for each of the years ended 30 June 2013, 2014 and 2015.

Cleaning expenses maintained at approximately HK\$0.1 million for the four months ended 31 October 2014 and the four months ended 31 October 2015.

Waived commission income

Our Group earned commission income through referrals of certain orders for packaging materials of finished garments such as hangtags and stickers received from countries including Sri Lanka and Bangladesh to a company (the “**Sri Lanka Company**”) which is also a customer of our Group during the Track Record Period in Sri Lanka. Our Directors confirmed that the referral of orders for packaging materials to the Sri Lanka Company is not prohibited by any agreement/arrangement with any garment brand companies. The Sri Lanka Company will process the orders and relevant customers will make payments to the Sri Lanka Company. Commission income is calculated based on a percentage of order amount placed to the Sri Lanka Company due to referrals from our Group. Please also refer to the paragraph of “Other income” under the paragraph headed “Principal income statement components” above.

In order to maintain good working relationship with the Sri Lanka Company, our Group waived commission income of approximately US\$193,000 (equivalent to approximately HK\$1.5 million) earned in the years ended 30 June 2012 and 2013. The Sri Lanka Company still owed our Group an outstanding amount of US\$280,000 as at 30 September 2015 (the “**Net Outstanding Balance**”), and it has undertaken to our Group that it would pay monthly instalment of at least US\$6,000 commencing from 1 November 2015 (the “**Repayment Schedule**”) until the Net Outstanding Balance is fully settled. During the negotiation process for the settlement of Net Outstanding Balance, our Group was informed by the Sri Lanka Company that it has cashflow difficulty. Our Directors decided to waive the commission income and agreed to the repayment of Net Outstanding Balance by the Sri Lanka Company in stages after having considered (i) the long working relationship with the Sri Lanka Company of over eight years; (ii) as far as our Directors are aware, the Sri Lanka Company was able to deliver products which can satisfy the standards and requirements of orders referred from us; thus, it is beneficial to our Group to maintain working relationship with the Sri Lanka Company; and (iii) the cost and time for taking legal or other actions for recovering the unpaid commission can be saved.

For the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015, sales generated by our Group from the Sri Lanka Company amounted to approximately HK\$0.9 million, HK\$0.1 million, HK\$0.4 million and HK\$0.2 million and commission income generated from the Sri Lanka Company amounted to approximately HK\$1.1 million, HK\$0.9 million, HK\$1.2 million and HK\$0.4 million, respectively, which in aggregate representing approximately 1.7%, 0.8%, 1.2% and 1.5% of total revenue of our Group, respectively. The outstanding trade receivable from the Sri Lanka Company

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amounted to HK\$Nil and approximately HK\$50,000 and the outstanding commission receivables amounted to approximately HK\$2.0 million and HK\$1.9 million as at 31 October 2015 and as at the Latest Practicable Date, respectively.

To record such arrangement, our Group entered into a deed of commission settlement and payment with the Sri Lanka Company on 23 March 2016. Up to the Latest Practicable Date, an amount of US\$30,000 has been paid. For the four months ended 31 October 2015, our Group accrued approximately HK\$448,000 commission income from the referrals of businesses to the Sri Lanka Company of which, approximately HK\$377,000 was accrued in or before September 2015 and shall be payable to us according to the Repayment Schedule; and the remaining balance accrued in October 2015 of approximately HK\$71,000 was fully settled to our Group. Our Group expects to earn further commission income going forward.

Our Directors are of the view that there are no potential issues or impediment to the collection of the Net Outstanding Balance and account receivables from the Sri Lanka Company based on the fact that monthly repayment for the Net Outstanding Balance has been settled timely in accordance with the Repayment Schedule upto the Latest Practicable Date, and as at 29 February 2016, account receivables of our Group from the Sri Lanka Company amounted to approximately HK\$1.9 million; of which, approximately HK\$1.8 million represents the remaining balance of Net Outstanding Balance.

Listing expenses

Listing expenses of approximately HK\$6.3 million were incurred during the four months ended 31 October 2015. Expenses in relation to the Listing are non-recurring. There were no such expenses during the three years ended 30 June 2013, 2014 and 2015.

Other administrative expenses

Other major administrative expenses comprised parking fee, management fee, professional fee, computer software fee and sundry expenses. Other administrative expenses remained at similar level of approximately HK\$1.5 million, HK\$1.7 million and HK\$1.4 million, respectively, for the years ended 30 June 2013, 2014 and 2015.

Other administrative expenses increased to approximately HK\$0.9 million for the four months ended 31 October 2015 from approximately HK\$0.5 million for the four months ended 31 October 2014 mainly because a professional fee of approximately HK\$0.4 million was incurred for preparing the Listing.

Income tax expenses

Income tax expenses of our Group amounted to approximately HK\$3.9 million, HK\$4.6 million and HK\$5.4 million for the years ended 30 June 2013, 2014 and 2015, respectively. The increases in income tax expenses were mainly due to the increases in profit before income tax of our Group. The applicable tax rates of our Group were 16.5% for the Track Record Period.

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Income tax expenses increased to approximately HK\$2.2 million for the four months ended 31 October 2015 from approximately HK\$1.9 million for the four months ended 31 October 2014. The increase was mainly due to the increase in adjusted profit before income tax after the effect of Listing expenses which was not deductible under Hong Kong profits tax.

Profit and total comprehensive income for the year/period

In view of the foregoing, the net profit of our Group increased by approximately 17.7% to approximately HK\$23.3 million for the year ended 30 June 2014 and further increased by approximately 17.9% to approximately HK\$27.5 million for the year ended 30 June 2015. The increase in net profit of our Group for the year ended 30 June 2014 and the increase in net profit of our Group for the year ended 30 June 2015 were mainly because of the increase in revenue and satisfactory cost control.

The net profit of our Group decreased by approximately 53.4% to approximately HK\$4.5 million for the four months ended 31 October 2015 as compared with the corresponding period in 2014 mainly because the Listing expenses were incurred.

Our Directors expect that without taking Listing expenses into account, net profit for the year ending 30 June 2016 may decrease moderately as compared with the net profit for the year ended 30 June 2015 because customers may be more cautious in making purchases with our Group during the year ending 30 June 2016 in view of the market condition.

The financial performance of our Group for the five months ended 31 March 2016

Revenue

Based on the unaudited management accounts of our Group, revenue of our Group for the five months ended 31 March 2016 decreased moderately as compared to the corresponding period in 2015. Our Directors confirmed that the decrease was mainly because customers became more cautious on placing orders to our Group for preparing their production of garments in view of recent market condition.

Gross profit margin

Gross profit margin decreased for the five months ended 31 March 2016 as compared to that of the corresponding period in 2015 mainly due to (i) the decrease in revenue as mentioned above; and (ii) direct labour cost and fixed cost such as rental expenses of the factory premises remained at similar level despite the decrease in revenue.

Selling expenses

Selling expenses decreased for the five months ended 31 March 2016 as compared to that of the corresponding period in 2015 mainly due to (i) the decrease in fee paid to Garment Brand Companies. From July 2015 onwards, instead of paying the fee to Garment Brand Company C, we deduct the same percentage from pricing on relevant products sold to

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the apparel manufacturing vendors of Garment Brand Company C; and (ii) the decrease in payment of fee(s) to the marketing services consultant(s) and the amount depends on the progress of the marketing services provided.

Administrative expenses

Administrative expenses of our Group for the five months ended 31 March 2016 increased substantially as compared to that of the corresponding period in 2015 mainly due to the fact that the Listing expenses were incurred.

Net profit margin

As a result, net profit of our Group for the five months ended 31 March 2016 decreased substantially as compared to the corresponding period in 2015. If not taking into account the Listing expenses, the net profit margin of our Group for the five months ended 31 March 2016 would decrease largely as compared to that of the corresponding period in 2015.

Factors and events which are expected to adversely affect financial performance going forward

Our Directors expect that the following factors and events may adversely affect financial performance of our Group going forward: (i) additional staff costs relating to research and development of the know-how of the application of heat transfer technology; (ii) depreciation expenses including depreciation expenses from the new six-colour offset printing machine and the new machine for treatment of liquid waste for environmental protection; (iii) increase in rental expenses of the premises of our Group following the renewal of tenancy agreements before the Listing; (iv) additional rental expenses to be incurred for the lease of a premises to set up a laboratory for the research and development of the know-how of the application of heat transfer technology; (v) Listing expenses to be incurred; (vi) additional staff costs relating to the recruitment of experienced salesperson(s) and/or appointment of additional marketing services consultant(s) and/or professional advisers after the Listing; and (vii) additional emolument payable to an executive Director, Mr Alex Fung, who has been appointed as a Director since 8 October 2015, and the three independent non-executive Directors.

MAJOR RISK FACTORS

Our Group's business and financial performance may be affected by a number of factors. Please refer to the "Risk Factors" section of this prospectus.

DIVIDEND AND DIVIDEND POLICY

For each of the years ended 30 June 2013, 2014 and 2015, interim dividends of HK\$15 million, HK\$20 million and HK\$Nil, respectively, were declared and paid to the then shareholders of Hang Sang (Siu Po), and interim dividends of HK\$3 million, HK\$3 million and HK\$Nil, respectively, were declared and paid to the then shareholders of A W Printing. For the year ended 30 June 2015, final dividends of HK\$18 million and HK\$12 million were

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declared to the then shareholders of Hang Sang (Siu Po) and A W Printing, respectively, of which an aggregate of approximately HK\$23.6 million was declared to Mr Samson Fung (thereby increasing the amount due to him as a Director from the Group), and an aggregate of approximately HK\$6.4 million was declared to Mr David Fung (thereby reducing the amount due from him as a Director to the Group). Dividend payout ratio for the years ended 30 June 2013, 2014 and 2015 was approximately 90.9%, 98.7% and 109.2%, respectively. Our Group expected the outstanding balances with directors will be fully settled prior to the Listing. As a result, our cash and cash equivalents will decrease accordingly. Funding for the settlement of the final dividends for the year ended 30 June 2015 will be sourced by the internal resources from business operation of our Group.

Our Group does not have any dividend policy and has not adopted a fixed dividend payout ratio. Dividends may be paid out by way of cash or by other means that our Group considers appropriate. Declaration and payment of any dividends would require the recommendation of the Board and will be at their discretion. In addition, any final dividend for a financial year will be subject to Shareholders' approval. A decision to declare or to pay any dividend in the future, and the amount of any dividends, depends on a number of factors, including results of operations, financial condition, the payment by our Group's subsidiaries of cash dividends to us, and other factors the Board may deem relevant.

There will be no assurance that our Company will be able to declare or distribute any dividend. The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Board in the future.

IMPACT OF NON-RECURRING EXPENSES

The estimated Listing expenses in relation to the Listing are approximately HK\$26.5 million (based on the Offer Price of HK\$1.23, being the midpoint of the indicative Offer Price range of HK\$1.10 to HK\$1.36 per Offer Share), of which approximately HK\$6.6 million is directly attributable to the issue of the Offer Shares under the Share Offer and is expected to be accounted for as a deduction from equity. The remaining Listing expenses of approximately HK\$19.9 million are expected to be charged to the statement of profit or loss and other comprehensive income of our Group for the year ending 30 June 2016. Expenses in relation to the Listing are non-recurring and were not incurred during the Track Record Period. Accordingly, our Board wishes to inform our Shareholders and potential investors that our Group's financial results for the year ending 30 June 2016 will be affected by the estimated expenses in relation to the Listing.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash flow

Our Group's working capital and other capital requirements were principally satisfied by cash generated from its operations.

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Set out below is the summary of cash flows of our Group for the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2014 and 2015:

	Year ended 30 June			Four months ended 31 October	
	2013	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	<i>(Unaudited)</i>				
Cash and cash equivalents at the beginning of the year/period	31,929	31,802	33,841	33,841	37,819
Net cash flows from/(used in) operating activities	20,219	29,070	31,868	7,357	(1,267)
Net cash flows used in investing activities	(2,228)	(14,725)	(405)	(6)	–
Net cash flows used in financing activities	(18,118)	(12,306)	(27,485)	(12,304)	(1,037)
Net (decrease)/increase in cash and cash equivalents	(127)	2,039	3,978	(4,953)	(2,304)
Cash and cash equivalents at the end of the year/period	31,802	33,841	37,819	28,888	35,515

Operating activities

Cash flows from operating activities reflected profit for the year/period adjusted for non-cash items such as gain on disposal of property, plant and equipment, gain on disposal of financial assets at fair value through profit or loss, depreciation, interest income, write-down of inventories and impairment loss on trade and other receivables, and the effect of cash flows arising from the increase in inventories, increase in amount due from the ultimate holding company, increase/decrease in trade and other receivables, amount due from a related company as well as trade and other payables.

Net cash generated from operating activities for the year ended 30 June 2013 was approximately HK\$20.2 million. Our Group generated approximately HK\$25.4 million cash inflow from operating profit before working capital changes and taxation, adjusted for (i) Hong Kong profits tax paid of approximately HK\$3.8 million; (ii) the increase in inventories of approximately HK\$83,000; (iii) the increase in trade and other receivables of approximately HK\$5.9 million; (iv) the increase in amount due from a related company of approximately HK\$4,000; and (v) the increase in trade and other payables of approximately HK\$4.6 million. The trade and other receivables increased for the year ended 30 June 2013 mainly because of increase of sales. The trade and other payables increased for the year ended 30 June 2013 mainly because major trade payables were not yet due as at 30 June 2013.

Net cash generated from operating activities for the year ended 30 June 2014 was approximately HK\$29.1 million. Our Group generated approximately HK\$31.8 million cash inflow from operating profit before working capital changes and taxation, adjusted for (i)

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Hong Kong profits tax paid of approximately HK\$4.3 million; (ii) the increase in inventories of approximately HK\$1.3 million; (iii) the decrease in trade and other receivables of approximately HK\$4.3 million; (iv) the decrease in amount due from a related company of approximately HK\$2,000 and (v) the decrease in trade and other payables of approximately HK\$1.5 million. Inventories increased for the year ended 30 June 2014 mainly because our Group expected that sales would increase in the coming year and kept more inventories. The trade and other receivables decreased for the year ended 30 June 2014 mainly because our Group had strengthened credit control. Our Group advised that it had closely monitored and followed up the payments from customers and had been more cautious on assessing credit quality. The trade and other payables decreased for the year ended 30 June 2014 mainly because outstanding amounts for major trade payables were settled before year end.

Net cash generated from operating activities for the year ended 30 June 2015 was approximately HK\$31.9 million. Our Group generated approximately HK\$36.2 million cash inflow from operating profit before working capital changes and taxation, adjusted for (i) Hong Kong profits tax paid of approximately HK\$3.6 million; (ii) the increase in inventories of approximately HK\$0.6 million; (iii) the decrease in trade and other receivables of approximately HK\$0.6 million; (iv) the decrease in amount due from a related company of approximately HK\$19,000 and (v) the decrease in trade and other payables of approximately HK\$0.7 million. The trade and other receivables decreased for the year ended 30 June 2015 mainly because our Group had strengthened credit control. Our Group advised that it had closely monitored and followed up the payments from customers and had been more cautious on assessing credit quality. The trade and other payables decreased for the year ended 30 June 2015 mainly because outstanding amounts for major trade payables were settled before year end.

Net cash used in operating activities for the four months ended 31 October 2015 was approximately HK\$1.3 million. Our Group generated approximately HK\$7.8 million cash inflow from operating profit before working capital changes and taxation, adjusted for (i) Hong Kong profits tax paid of approximately HK\$1.8 million; (ii) the increase in inventories of approximately HK\$1.6 million; (iii) the increase in trade and other receivables of approximately HK\$6.3 million; (iv) the increase in amount due from the ultimate holding company of approximately HK\$28,000 and (v) the increase in trade and other payables of approximately HK\$0.6 million. Inventories increased for the four months ended 31 October 2015 mainly because of the snapshot position of inventory pending for delivery as at 31 October 2015. Of approximately HK\$4.7 million inventory as at 31 October 2015, approximately HK\$2.6 million were finished goods and about 90% of finished goods aged in 0-30 days. The trade and other receivables increased for the four months ended 31 October 2015 mainly because of the increase in trade receivables, which was mainly due to the delay of settlements from customers. Up to 30 November 2015, approximately 55.7% of trade receivables as at 31 October 2015 had been settled; and up to the Latest Practicable Date, approximately 97.4% of such trade receivables had been settled. The trade and other payables increased for the four months ended 31 October 2015 mainly because of relatively late settlements of payments to our suppliers.

Our Group recorded a net cash outflow from operating activities of approximately HK\$1.3 million for the four months ended 31 October 2015 mainly because of one-off Listing expenses of approximately HK\$6.3 million incurred during this period. Without

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taking into account the Listing expenses, our Group would generate a positive cash inflow from operating activities of approximately HK\$5.0 million. As disclosed under the paragraph headed “working capital” of this section, our Directors are of the opinion that taking into account the estimated net proceeds of the Share Offer, settlement of trade receivables when due and its retained resources, our Group will have sufficient working capital for at least the next 12 months from the date of this prospectus.

As at 30 June 2013, 2014 and 2015 and 31 October 2015, our Group had amounts due from a related company, namely JSD Investment Limited of approximately HK\$21,000, HK\$19,000, HK\$Nil and HK\$Nil, respectively. JSD Investment Limited is a company wholly-owned by Mr David Fung. Such amounts are unsecured, non-interest bearing and repayable on demand. During the years ended 30 June 2013, 2014 and 2015, JSD Investment Limited purchased printing products for restaurant use at prices mutually agreed between our Group and JSD Investment Limited. Please refer to “Discontinued connected transaction” under the section headed “Connected Transactions” of this prospectus for details.

Investing activities

Our Group’s net cash flows used in investing activities for the year ended 30 June 2013 were approximately HK\$2.2 million mainly due to purchases of property, plant and equipment of approximately HK\$2.7 million, investments in financial assets at fair value through profit or loss of approximately HK\$5.2 million while our Group obtained proceeds from disposal of financial assets at fair value through profit or loss of approximately HK\$5.2 million, proceeds from disposal of property, plant and equipment of approximately HK\$0.2 million and received interest of approximately HK\$0.1 million.

Our Group’s net cash flows used in investing activities for the year ended 30 June 2014 were approximately HK\$14.7 million mainly due to purchases of property, plant and equipment of approximately HK\$14.7 million while our Group received interest of approximately HK\$2,000. Purchases of property, plant and equipment increased largely for the year ended 30 June 2014 in order to enhance our production facilities.

Our Group’s net cash flows used in investing activities for the year ended 30 June 2015 were approximately HK\$0.4 million mainly due to purchases of property, plant and equipment of approximately HK\$0.4 million while our Group received interest of approximately HK\$2,000.

Our Group’s net cash flows used in investing activities were HK\$Nil for the four months ended 31 October 2015.

Financing activities

Our Group’s net cash flows used in financing activities for the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015 were approximately HK\$18.1 million, HK\$12.3 million, HK\$27.5 million and HK\$1.0 million, respectively, mainly due to the decrease in net advance from directors. Please refer to the paragraph headed “Amounts due from/to directors” under “Major components in net current assets” below for details.

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Net current assets

As at 30 June 2013, 30 June 2014, 30 June 2015 and 31 October 2015, our Group had net current assets of approximately HK\$18.3 million, HK\$8.7 million, HK\$38.1 million and HK\$13.3 million, respectively. Details of the components are set out as below:

	As at 30 June			As at 31 October
	2013	2014	2015	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current assets				
Inventories	2,627	3,219	3,271	4,686
Trade and other receivables	19,788	15,163	14,532	20,662
Amount due from a director	–	–	10,123	3,716
Amount due from a related company	21	19	–	–
Amount due from the ultimate holding company	–	–	–	28
Cash and cash equivalents	<u>31,802</u>	<u>33,841</u>	<u>37,819</u>	<u>35,515</u>
	<u>54,238</u>	<u>52,242</u>	<u>65,745</u>	<u>64,607</u>
Current liabilities				
Trade and other payables	15,572	14,078	13,349	13,992
Amounts due to directors	16,944	27,638	10,276	32,832
Current tax liabilities	<u>3,384</u>	<u>1,850</u>	<u>3,994</u>	<u>4,503</u>
	<u>35,900</u>	<u>43,566</u>	<u>27,619</u>	<u>51,327</u>
Net current assets	<u><u>18,338</u></u>	<u><u>8,676</u></u>	<u><u>38,126</u></u>	<u><u>13,280</u></u>

Our net current assets decreased from approximately HK\$18.3 million as at 30 June 2013 to approximately HK\$8.7 million as at 30 June 2014 mainly due to the increase in current liabilities. Amounts due to directors increased largely from approximately HK\$16.9 million as at 30 June 2013 to approximately HK\$27.6 million as at 30 June 2014. Our net current assets increased substantially from approximately HK\$8.7 million as at 30 June 2014 to approximately HK\$38.1 million as at 30 June 2015 mainly due to the increase in current assets and the decrease in current liabilities. Current assets increased from approximately HK\$52.2 million as at 30 June 2014 to approximately HK\$65.7 million as at 30 June 2015 mainly because the amount due from a director of approximately HK\$10.1 million was incurred. Current liabilities decreased from approximately HK\$43.6 million as at 30 June 2014 to approximately HK\$27.6 million as at 30 June 2015 mainly because of the decrease in amounts due to directors from approximately HK\$27.6 million to approximately HK\$10.3 million. Our net current assets decreased from approximately HK\$38.1 million as at 30 June 2015 to approximately HK\$13.3 million as at 31 October 2015 mainly due to the increase in current liabilities. Amounts due to directors increased largely from approximately HK\$10.3 million as at 30 June 2015 to approximately HK\$32.8 million as at 31 October 2015 mainly because final dividends of HK\$30 million for the year ended 30 June 2015 were declared, of

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which approximately HK\$23.6 million was declared to Mr Samson Fung (thereby increasing the amount due to him as a Director from the Group), and approximately HK\$6.4 million was declared to Mr David Fung (thereby reducing the amount due from him as a Director to the Group). Our Group expected that the outstanding balances with directors will be fully settled prior to the Listing. Please refer to the paragraph headed “Amounts due from/to directors” under “Major components in net current assets” below and “Dividend and dividend policy” of this section for details.

Major components in net current assets

As at 30 June 2013, our Group had net current assets of approximately HK\$18.3 million comprising current assets of approximately HK\$54.2 million and current liabilities of approximately HK\$35.9 million. The current assets as at 30 June 2013 were made up of inventories of approximately HK\$2.6 million, trade and other receivables of approximately HK\$19.8 million, amount due from a related company of approximately HK\$21,000 and cash and cash equivalents of approximately HK\$31.8 million. The current liabilities were made up of trade and other payables of approximately HK\$15.6 million, amounts due to directors of approximately HK\$16.9 million and current tax liabilities of approximately HK\$3.4 million.

As at 30 June 2014, our Group had net current assets of approximately HK\$8.7 million comprising current assets of approximately HK\$52.2 million and current liabilities of approximately HK\$43.6 million. The current assets as at 30 June 2014 were made up of inventories of approximately HK\$3.2 million, trade and other receivables of approximately HK\$15.2 million, amount due from a related company of approximately HK\$19,000 and cash and cash equivalents of approximately HK\$33.8 million. The current liabilities were made up of trade and other payables of approximately HK\$14.1 million, amounts due to directors of approximately HK\$27.6 million and current tax liabilities of approximately HK\$1.9 million.

As at 30 June 2015, our Group had net current assets of approximately HK\$38.1 million comprising current assets of approximately HK\$65.7 million and current liabilities of approximately HK\$27.6 million. The current assets as at 30 June 2015 were made up of inventories of approximately HK\$3.3 million, trade and other receivables of approximately HK\$14.5 million, amount due from a director of approximately HK\$10.1 million and cash and cash equivalents of approximately HK\$37.8 million. The current liabilities were made up of trade and other payables of approximately HK\$13.3 million, amounts due to directors of approximately HK\$10.3 million and current tax liabilities of approximately HK\$4.0 million.

As at 31 October 2015, our Group had net current assets of approximately HK\$13.3 million comprising current assets of approximately HK\$64.6 million and current liabilities of approximately HK\$51.3 million. The current assets as at 31 October 2015 were made up of inventories of approximately HK\$4.7 million, trade and other receivables of approximately HK\$20.7 million, amount due from a director of approximately HK\$3.7 million, amount due from the ultimate holdings company of approximately HK\$28,000 and cash and cash

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equivalents of approximately HK\$35.5 million. The current liabilities were made up of trade and other payables of approximately HK\$14.0 million, amounts due to directors of approximately HK\$32.8 million and current tax liabilities of approximately HK\$4.5 million.

Cash and cash equivalents

The cash and cash equivalents maintained at similar level of approximately HK\$31.8 million, HK\$33.8 million, HK\$37.8 million and HK\$35.5 million, respectively, as at 30 June 2013, 2014 and 2015 and 31 October 2015.

Trade and other receivables

During the Track Record Period, our Group's credit terms granted to customers generally ranged from 0 to 2 months. Credit term and amount of each customer are required to be approved by our management. Evaluations focus on the customer's history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 0 to 2 months from the date of billing. Normally, our Group does not obtain collateral from customers.

Trade and other receivables were approximately HK\$19.8 million as at 30 June 2013 and approximately HK\$15.2 million as at 30 June 2014. Trade and other receivables of our Group as at 30 June 2013 and 30 June 2014 consist of trade receivables of approximately HK\$16.4 million and HK\$12.3 million (after deducting allowance for doubtful debts of approximately HK\$0.3 million and HK\$0.5 million, respectively) which have been fully settled as at the Latest Practicable Date, and deposits, prepayment and other receivables of approximately HK\$3.4 million and HK\$2.9 million, respectively. The decrease in trade receivables was mainly due to strengthened credit controls. Trade receivables of approximately HK\$0.4 million and HK\$0.3 million were individually determined to be impaired as at 30 June 2013 and 30 June 2014, respectively, which related to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. Uncollectible amounts of approximately HK\$91,000 and HK\$76,000 were written off as at 30 June 2013 and 30 June 2014, respectively. The large decrease in deposits, prepayments and other receivables was mainly due to the absence of prepayment for the new printing machine which was paid during the year ended 30 June 2013.

The trade receivables (after deducting allowance for relevant doubtful debts) turnover days were approximately 50 days and 36 days, respectively, for the years ended 30 June 2013 and 2014 as our Group generally granted credit terms of 0 to 2 months to customers. Our Group usually considers the terms of each payment with customers by taking into account of factors such as, among other things, the credit history of the customers, its liquidity position and our Group's working capital needs, which varies on a case-by-case basis that requires the judgement and experience of our management.

Trade and other receivables were approximately HK\$14.5 million as at 30 June 2015, which consist of trade receivables of approximately HK\$10.7 million (after deducting allowance for doubtful debts of approximately HK\$0.5 million), and deposits, prepayment

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and other receivables of approximately HK\$3.8 million. The decrease in trade receivables was mainly due to strengthened credit controls. Impairment of trade receivables of approximately HK\$0.5 million as at 30 June 2014 was carried forward to 30 June 2015. The large increase in deposits, prepayments and other receivables from 30 June 2014 to 30 June 2015 was mainly due to the increase of commission receivables from the Sri Lanka Company, a customer of our Group, due to increase in number of business referrals to the Sri Lanka Company. The trade receivables (after deducting allowance for relevant doubtful debts) turnover day was approximately 29 days for the year ended 30 June 2015. The decrease was mainly due to strengthened credit controls. Our Group advised that it had closely monitored and followed up the payments from customers and had been cautious on assessing credit quality.

Trade and other receivables were approximately HK\$20.7 million as at 31 October 2015, which consist of trade receivables of approximately HK\$16.5 million (after deducting allowance for doubtful debts of approximately HK\$0.7 million), and deposits, prepayment and other receivables of approximately HK\$4.2 million. The increase in trade receivables was mainly due to the delay of settlements from customers. Up to 30 November 2015, approximately 55.7% of the outstanding balance as at 31 October 2015 had been settled; and up to the Latest Practicable Date, approximately 97.4% of the outstanding balance had been settled. Trade receivables of approximately HK\$0.2 million were individually determined to be impaired as at 31 October 2015, which were related to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. The trade receivables (after deducting allowance for doubtful debts) turnover day was approximately 46 days for the four months ended 31 October 2015. The increase in trade receivables was mainly due to the delay of settlements from customers.

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The ageing analysis of trade receivables as at 30 June 2013, 2014 and 2015 and as at 31 October 2015 based on the invoice date, net of allowance for doubtful debts and subsequent settlement of trade receivables up to the Latest Practicable Date are as follows:

	As at 30 June 2013 HK\$'000	Subsequent settlement up to the Latest Practicable Date HK\$'000	As at 30 June 2014 HK\$'000	Subsequent settlement up to the Latest Practicable Date HK\$'000	As at 30 June 2015 HK\$'000	Subsequent settlement up to the Latest Practicable Date HK\$'000	As at 31 October 2015 HK\$'000	Subsequent settlement up to the Latest Practicable Date HK\$'000
Within 3 months	13,428	13,428	10,688	10,688	8,573	8,565	13,148	12,926
Over 3 months but within 6 months	1,799	1,799	1,221	1,221	1,671	1,602	2,803	2,755
Over 6 months but within 1 year	1,034	1,034	377	377	335	211	514	384
Over 1 year	121	121	–	–	136	135	36	11
	<u>16,382</u>	<u>16,382</u>	<u>12,286</u>	<u>12,286</u>	<u>10,715</u>	<u>10,513</u>	<u>16,501</u>	<u>16,076</u>

Below is an ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired and their respective subsequent settlement up to the Latest Practicable Date:

	As at 30 June 2013 HK\$'000	Subsequent settlement up to the Latest Practicable Date HK\$'000	As at 30 June 2014 HK\$'000	Subsequent settlement up to the Latest Practicable Date HK\$'000	As at 30 June 2015 HK\$'000	Subsequent settlement up to the Latest Practicable Date HK\$'000	As at 31 October 2015 HK\$'000	Subsequent settlement up to the Latest Practicable Date HK\$'000
Neither pass due nor impaired	8,921	8,921	6,078	6,078	5,544	5,544	3,108	2,993
Past due:								
Less than 3 months	5,813	5,813	5,510	5,510	4,221	4,210	11,118	11,021
Over 3 months but within 6 months	514	514	333	333	528	458	1,914	1,855
Over 6 months but within 1 year	1,015	1,015	365	365	286	165	326	196
Over 1 year	119	119	–	–	136	136	35	11
	<u>16,382</u>	<u>16,382</u>	<u>12,286</u>	<u>12,286</u>	<u>10,715</u>	<u>10,513</u>	<u>16,501</u>	<u>16,076</u>

As illustrated by the ageing analysis, up to the Latest Practicable Date, approximately HK\$5.0 million of the past due trade receivables as at 30 June 2015 had been settled, and approximately HK\$0.2 million of trade receivables as at 30 June 2015 remained outstanding (which represents approximately 1.9% of the total trade receivables as at 30 June 2015). Among the approximately HK\$5.2 million past due trade receivables as at 30 June 2015,

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approximately HK\$0.2 million remained outstanding up to the Latest Practicable Date while these trade receivables were related to a large number of diversified customers that had a good track record with our Group.

Up to the Latest Practicable Date, approximately HK\$13.1 million of the past due trade receivables as at 31 October 2015 had been settled, and approximately HK\$0.4 million of trade receivables as at 31 October 2015 remained outstanding (which represents approximately 2.6% of the total trade receivables as at 31 October 2015). Among the approximately HK\$13.4 million past due trade receivables as at 31 October 2015, approximately HK\$0.3 million remained outstanding up to the Latest Practicable Date while these trade receivables related to a large number of diversified customers that had a good track record with our Group.

Based on our experience, our management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable.

Impairment losses on trade and other receivables are assessed and recognised based on our management's regular review of ageing analysis and evaluation of collectability. A considerable level of judgement is exercised by our management when assessing the creditworthiness and collection history of each party. Our Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate. Please refer to the paragraph headed "We are exposed to credit risk of our customers" under the "Risk Factors" of this prospectus for disclosure as a risk factor. Our accounting department would monitor the trade receivables on a monthly basis. The accounting manager would prepare monthly trade receivable ageing report, which would be reviewed by our chief financial officer. When overdue amount is located, our accounting department would contact customers for settlement of payments.

Trade and other payables

The trade and other payables were approximately HK\$15.6 million, HK\$14.1 million, HK\$13.3 million and HK\$14.0 million as at 30 June 2013, 30 June 2014, 30 June 2015 and 31 October 2015, respectively. Trade and other payables of our Group consist of trade payables of approximately HK\$7.9 million, HK\$7.0 million, HK\$6.4 million and HK\$9.1 million; marketing services fee payables of approximately HK\$3.5 million, HK\$3.0 million, HK\$3.6 million and HK\$1.1 million, receipt in advance of approximately HK\$0.9 million, HK\$1.4 million, HK\$0.8 million and HK\$0.4 million; and accruals and other payables of approximately HK\$3.2 million, HK\$2.7 million, HK\$2.5 million and HK\$3.4 million, respectively.

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Set out below is the ageing analysis of the trade payables of our Group as at 30 June 2013, 30 June 2014, 30 June 2015 and 31 October 2015:

	As at 30 June			As at 31 October
	2013	2014	2015	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within 3 months	7,911	6,983	5,920	7,927
Over 3 months but within 6 months	13	1	488	1,206
Over 6 months but within 1 year	—	1	—	—
	<u>7,924</u>	<u>6,985</u>	<u>6,408</u>	<u>9,133</u>

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

Trade payables decreased from approximately HK\$7.9 million as at 30 June 2013 to approximately HK\$7.0 million as at 30 June 2014 mainly because outstanding amounts for major trade payables were settled before year end. The trade payable turnover days decreased from approximately 40 days for the year ended 30 June 2013 to approximately 35 days for the year ended 30 June 2014. Trade payables decreased further to approximately HK\$6.4 million as at 30 June 2015 mainly because outstanding amounts for major trade payables were settled before year end. The trade payable turnover days for the year ended 30 June 2015 were approximately 31 days. Trade payables increased from approximately HK\$6.4 million as at 30 June 2015 to approximately HK\$9.1 million as at 31 October 2015. The trade payable turnover days for the four months ended 31 October 2015 were approximately 48 days. This was mainly because of relatively late settlements of payments to our suppliers. Up to 30 November 2015, approximately 45.9% of the outstanding balance as at 31 October 2015 had been settled; and up to the Latest Practicable Date, trade payables as at 31 October 2015 had been fully settled.

Marketing services fee payables represent marketing services fee payable to certain Garment Brand Companies and the marketing services consultants in South Korea, India and the United States. Receipt in advance represents receipt in advance from customers for settlement of their payments to our Group. Accruals and other payables mainly represent accrual expenses for salaries payables, long services payment and professional fee.

Inventories

Our inventory balance was approximately HK\$2.6 million, HK\$3.2 million, HK\$3.3 million and HK\$4.7 million as at 30 June 2013, 30 June 2014, 30 June 2015 and 31 October 2015, respectively, and accounted for approximately 4.6%, 4.8%, 4.2% and 6.2% of our total assets as at the same dates. Inventories consist of raw materials which were mainly paper, and ink and chemical components, work in progress which was mainly mixed ink and basesheet, and finished goods which were products ready for sale. For the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015, our inventory turnover days were approximately 13, 16, 16 and 25 days, respectively. The inventory

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turnover day was relatively long for the four months ended 31 October 2015 mainly because of the snapshot position of inventory pending for delivery as at 31 October 2015. Of approximately HK\$4.7 million inventory as at 31 October 2015, approximately HK\$2.6 million was attributable to finished goods and about 90% of finished goods aged in 0-30 days. For the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015, write-down of inventories of approximately HK\$0.2 million, HK\$0.7 million, HK\$0.6 million and HK\$0.2 million, respectively, have been provided mainly due to ink which has been over expiry date and the obsolete finished goods. Our Group performs regular review of the carrying amounts of inventories. Based on the review, write-down of inventories will be made when the carrying amounts of inventories decline below their estimated net realisable value.

Amounts due from/to directors

Amount due from Mr David Fung was HK\$Nil, HK\$Nil, approximately HK\$10.1 million and approximately HK\$3.7 million as at 30 June 2013, 30 June 2014, 30 June 2015 and 31 October 2015, respectively; and the maximum amounts outstanding were approximately HK\$5.0 million, HK\$4.1 million, HK\$10.1 million and HK\$10.6 million for the years ended 30 June 2013, 2014, 2015 and the four months ended 31 October 2015, respectively. Amount due to Mr Samson Fung was approximately HK\$16.0 million, HK\$24.5 million, HK\$10.3 million and HK\$32.8 million as at 30 June 2013, 2014 and 2015 and 31 October 2015, respectively. Amount due to Mr David Fung was approximately HK\$0.9 million, HK\$3.1 million, HK\$Nil and HK\$Nil as at 30 June 2013, 2014 and 2015 and 31 October 2015, respectively. The amounts due are unsecured, non-interest bearing and repayable on demand.

Our Group will fully settle the amounts due from/to directors prior to the Listing. Please also refer to the paragraph headed “Dividend and dividend policy” of this section for details.

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MAJOR FINANCIAL RATIOS

	Year ended 30 June			Four months ended 31 October
	2013	2014	2015	2015
Return on equity	95.6%	110.9%	56.7%	19.4%
Return on total assets	34.8%	35.0%	35.3%	5.9%
Current ratio (<i>unit: times</i>)	1.5	1.2	2.4	1.3
Quick ratio (<i>unit: times</i>)	1.4	1.1	2.3	1.2
Gearing ratio	N/A	N/A	N/A	N/A
Debt-to-equity ratio	N/A	N/A	N/A	N/A
Interest coverage (<i>unit: times</i>)	N/A	N/A	N/A	N/A

Notes:

1. Return on equity equals the profit and total comprehensive income for the year/period divided by the equity of our Group as at the end of the respective year/period and multiplied by 100%.
2. Return on total assets equals the profit and total comprehensive income for the year/period divided by the total assets of our Group as at the end of the respective year/period and multiplied by 100%.
3. Current ratio equals the current assets divided by the current liabilities as at the end of the respective year/period.
4. Quick ratio equals the current assets minus inventories then divided by the current liabilities as at the end of the respective year/period.
5. Gearing ratio equals total debt divided by the total equity as at the end of the respective year/period and multiplied by 100%. Debts are defined to include payables incurred not in the ordinary course of business. Save for amounts due to directors, our Group did not have any debts for the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015.
6. Debt to equity ratio equals net debt divided by the net equity as at the end of the respective year/period and multiplied by 100%. Net debts are defined to include all borrowings net of cash and cash equivalents. Save for amounts due to directors, our Group did not have any borrowings for the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015.
7. Interest coverage equals the profit before interest and tax divided by the finance costs for the respective year/period. Our Group did not incur any finance costs for the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015.

Return on equity

Our return on equity ratio improved from approximately 95.6% for the year ended 30 June 2013 to 110.9% for the year ended 30 June 2014 mainly because of slight increase in profit for the year from approximately HK\$19.8 million to HK\$23.3 million which was in line with the mild growth of revenue meanwhile total equity maintained at approximately HK\$21.0 million as at 30 June 2014 as compared with approximately HK\$20.7 million as at 30 June 2013. Our return on equity ratio lowered significantly to approximately 56.7% for the year ended 30 June 2015 mainly because of the increase in total equity. For each of the years ended 30 June 2013, 2014 and 2015, interim dividends of HK\$15 million, HK\$20

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million and HK\$Nil, respectively, were declared and paid to the then shareholders of Hang Sang (Siu Po), and interim dividends of HK\$3 million, HK\$3 million and HK\$Nil, respectively, were declared and paid to the then shareholders of A W Printing. For the year ended 30 June 2015, final dividends of HK\$18 million and HK\$12 million were declared to the then shareholders of Hang Sang (Siu Po) and A W Printing, respectively, which are expected to be paid before the Listing. All retained earnings of approximately HK\$48.1 million were kept with our Group as at 30 June 2015. Our return on equity ratio decreased significantly to approximately 19.4% for the four months ended 31 October 2015 mainly due to the fact that the Listing expenses were incurred which resulted in the decrease in net profit during the period. Besides, only the results of operation in the first four months are taken into account and therefore the return on equity for the four months ended 31 October 2015 is significantly lower than the same ratio for the year ended 30 June 2015.

Return on total assets

Our return on total assets maintained at similar level for years ended 30 June 2013, 2014 and 2015. Our return on total assets ratio decreased significantly to approximately 5.9% for the four months ended 31 October 2015 mainly due to the fact that the Listing expenses were incurred which resulted in the decrease in net profit during the period. Besides, only the results of operation in the first four months are taken into account and therefore the return on total assets for the four months ended 31 October 2015 is significantly lower than the same ratio for the year ended 30 June 2015. Please refer to the paragraph headed “Profit and total comprehensive income for the year/period” under “Principal income statement components” and the paragraph headed “Net current assets” under “Liquidity, financial and capital resources” for details of return and current assets. Our fixed assets contain property, plant and equipment which represent mainly plant and machinery. Property, plant and equipment increased from approximately HK\$2.6 million as at 30 June 2013 to approximately HK\$14.4 million as at 30 June 2014 mainly because of the acquisition of a German brand six-colour offset printing machine, and maintained at approximately HK\$12.1 million as at 30 June 2015 and approximately HK\$11.2 million as at 31 October 2015.

Current ratio and quick ratio

Current ratio and quick ratio were at similar level as at 30 June 2013 and 30 June 2014. These ratios increased largely to approximately 2.4 and 2.3, respectively as at 30 June 2015 mainly because amount due from a director was HK\$Nil as at 30 June 2013 and 30 June 2014 but was approximately HK\$10.1 million as at 30 June 2015; on the other hand, amounts due to directors decreased from approximately HK\$27.6 million as at 30 June 2014 to approximately HK\$10.3 million as at 30 June 2015. Current ratio and quick ratio decreased to approximately 1.3 and 1.2, respectively, as at 31 October 2015 mainly because of the increase of amounts due to directors from approximately HK\$10.3 million as at 30 June 2015 to approximately HK\$32.8 million as at 31 October 2015. The amounts due from/to directors are non-trade in nature. The amounts due are unsecured, non-interest bearing and repayable on demand.

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WORKING CAPITAL

Our Directors are of the opinion that taking into account the estimated net proceeds of the Share Offer, settlement of trade receivables when due and its retained resources, our Group will have sufficient working capital for at least the next 12 months from the date of this prospectus.

INDEBTEDNESS

The following table sets forth our Group's indebtedness as at the dates indicated.

Amounts due to directors

	As at 30 June			As at 31 October	As at 29 February
	2013	2014	2015	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
					(Unaudited)
Mr Samson Fung	16,030	24,510	10,276	32,832	31,127
Mr David Fung	914	3,128	—	—	—
	<u>16,944</u>	<u>27,638</u>	<u>10,276</u>	<u>32,832</u>	<u>31,127</u>

The amounts due to directors are non-trade in nature. The amounts due are unsecured, non-interest bearing and repayable on demand. Our Group will fully settle the amounts due from/to directors by our Group's internal financial resources before or upon the Listing.

Commitments

- (a) Capital commitments outstanding as at 30 June 2013, 2014 and 2015, 31 October 2015 and 29 February 2016 not provided for were as follows:

	As at 30 June			As at 31 October	As at 29 February
	2013	2014	2015	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
					(Unaudited)
Property, plant and equipment contracted for	<u>10,739</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>119</u>

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- (b) As at 30 June 2013, 2014 and 2015, 31 October 2015 and 29 February 2016, the total future minimum lease payments payable by our Group under those non-cancellable operating leases are as follows:

	As at 30 June			As at 31 October 2015	As at 29 February 2016
	2013	2014	2015	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
					(Unaudited)
Within 1 year	6,310	530	6,958	4,813	2,650
After 1 year but within 5 years	<u>1,043</u>	<u>1,193</u>	<u>903</u>	<u>764</u>	<u>708</u>
	<u><u>7,353</u></u>	<u><u>1,723</u></u>	<u><u>7,861</u></u>	<u><u>5,577</u></u>	<u><u>3,358</u></u>

Our Group leases a number of premises and plant and machinery under operating lease arrangements which run for an initial period of 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 our Group and respective lessors. None of the leases includes contingent rentals.

Contingent liabilities

As at 30 June 2013, 2014 and 2015, 31 October 2015 and 29 February 2016, our Group did not have material contingent liabilities.

At the close of business on 29 February 2016 (which is the latest practicable date for the purpose of ascertaining information contained in the indebtedness statement prior to the publication of this prospectus), our Group did not have any debt securities authorised or otherwise created but unissued, or term loans or bank overdrafts, borrowings or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, obligations under hire purchase contracts or finance leases, guarantees, or other material contingent liabilities. Our Directors have confirmed that there have been no material changes in the indebtedness and contingent liabilities of our Group since 29 February 2016.

Our Directors confirmed that our Group did not experience any withdrawal of facilities, default in payment of trade and other payables or bank borrowings, or breach of financial covenants, and had not experienced difficulties in meeting obligations during the Track Record Period and up to 29 February 2016.

As at 29 February 2016, our Group did not have any loan facilities granted by banks and financial institutions, and outstanding borrowings. As at 29 February 2016, our Group did not have any immediate plan for additional material external debt financing.

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Our Group intends to finance its future operations, capital expenditure and other capital requirement with income generated from its operations, cash and cash equivalents available and/or net proceeds from the Share Offer. As at 29 February 2016, our Group had cash and cash equivalents of approximately HK\$30.9 million.

PROPERTY INTERESTS

As at the Latest Practicable Date, our Group leased properties at Flats A to D on 1/F, Flats A to D on 2/F, Flats A, C and D on 3/F, Flats B and D on 4/F, Flats B, C and D on 5/F, and Flat A on 8/F of Gee Hing Chang Industrial Building, No. 16 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong for our production facilities, warehouses, and office purposes from an Independent Third Party.

UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

The unaudited pro forma statement of adjusted combined net tangible assets of our Group has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of our Group attributable to equity holders of our Company had the Share Offer been completed as at 31 October 2015 or at any future dates. It is prepared based on the audited combined net tangible assets of our Group attributable to equity holders of our Company as at 31 October 2015 as set out in the Accountants' Report in Appendix I to this prospectus, and adjusted as described below.

	Audited combined net tangible assets of our Group attributable to equity holders of our Company as of 31 October 2015 HK\$'000 (Note 1)	Estimated net proceeds from the Share Offer HK\$'000 (Note 2)	Unaudited pro forma adjusted combined net tangible assets of our Group attributable to equity holders of our Company HK\$'000	Unaudited pro forma adjusted combined net tangible assets of our Group attributable to equity holders of our Company per Share HK\$ (Note 3)
Based on the Offer Price of HK\$1.10 per Share	22,924	30,493	53,417	0.29
Based on the Offer Price of HK\$1.36 per Share	22,924	42,153	65,077	0.35

Notes:

- (1) The amount is calculated based on the audited combined net assets of our Group attributable to equity holders of our Company as of 31 October 2015 amounting to approximately HK\$22,924,000, extracted from the Accountants' Report of our Group set out in Appendix I to this prospectus.

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- (2) The estimated net proceeds from the Share Offer are based on 46,000,000 Shares at the Offer Price of HK\$1.10 and HK\$1.36 per Share, being the low-end and high-end of the indicative range of the Offer Price, respectively, after deduction of the estimated underwriting fees and other related expenses (excluding Listing related expenses of approximately HK\$6,288,000 which have been accounted for prior to 31 October 2015) expected to be incurred by our Group subsequent to 31 October 2015.
- (3) The unaudited pro forma adjusted combined net tangible assets per Share is calculated based on 184,000,000 Shares, being the number of Shares expected to be in issue immediately following the completion of the Capitalisation Issue and the Share Offer.
- (4) No adjustment has been made to the unaudited pro forma adjusted combined net tangible assets of our Group attributable to the equity holders of our Company as at 31 October 2015 to reflect any trading results or other transactions of our Group entered into subsequent to 31 October 2015.

DISTRIBUTABLE RESERVES

Our Company was incorporated on 8 October 2015. As at 31 October 2015, our Company had no reserves available for distribution to our Shareholders. It has not carried out any business since the date of its incorporation, save for the transactions relating to the Reorganisation.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors have confirmed that, as at the Latest Practicable Date, there were no circumstances which would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

TAX

Our Group's profits are subject to Hong Kong profits tax. Provision for Hong Kong profits tax has been calculated at the applicable rate of 16.5% for each of the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015 on the estimated assessable profits of our Group arising in Hong Kong.

NO MATERIAL ADVERSE CHANGE

Our Directors confirmed that except for the Listing related expenses which have been incurred, there has been no material adverse change in the financial or trading position of our Group since 31 October 2015 (being the date to which the latest audited combined financial information was prepared which was set out in the Accountants' Report in Appendix I to this prospectus) to the date of this prospectus.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Immediately upon completion of the Capitalisation Issue and the Share Offer (assuming any options which may be granted under the Share Option Scheme are not exercised), HSSP (which is 62% owned by Mr Samson Fung and 38% by Mr David Fung) is entitled to exercise, or control the exercise of, 30% or more voting rights in general meetings of our Company. Mr Samson Fung and Mr David Fung are brothers. For the above reasons, our Controlling Shareholders are HSSP, Mr Samson Fung and Mr David Fung.

Mr Samson Fung and/or Mr David Fung are interested in a number of companies other than our Group (collectively, the “**Other Business Group**”). None of the companies within the Other Business Group carries out business activities of our Group.

As confirmed by our Directors, none of our Controlling Shareholders, our Directors or the directors of any of our subsidiaries has any interest in a business, other than our business, which competes or is likely to compete, either directly or indirectly, with our business.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors believe that our Group is capable of carrying on its business independently from our Controlling Shareholders and their close associates (other than our Group), and our Controlling Shareholders have entered into non-competition undertakings in our favour.

Financial independence

Our Group has an independent financial system and makes financial decisions according to its own business needs. Our Group did not obtain any banking facilities or bank borrowings or provide any guarantees or pledge during the Track Record Period and up to the date of this prospectus. All amounts due to or from our Controlling Shareholders will be settled before or upon the Listing.

Having considered the above, our Directors consider that there is no financial dependence on our Controlling Shareholders.

Operational independence

Our Group has an independent work force to carry out the procurement, production, sales and marketing and accounting functions and has not shared its operation team with our Controlling Shareholders and their respective close associates. Our Group has independent access to its suppliers and customers. Our Group has also implemented internal controls to facilitate the effective operations of its business. Other than the transactions disclosed under the section headed “Connected Transactions” of this prospectus, there was no business transaction between our Group on one hand and our Controlling Shareholders and/or their respective close associates on the other hand during the Track Record Period. Therefore, our Directors consider that our Group’s operations do not rely on our Controlling Shareholders and/or any of their respective close associates.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Management independence

Apart from Mr Samson Fung, Mr David Fung and Mr Alex Fung, the Board comprises three independent non-executive Directors, who will function independently from the respective close associates of Mr Samson Fung, Mr David Fung and Mr Alex Fung. Although Mr Samson Fung and Mr David Fung hold various positions in our Group as mentioned in the paragraph headed “Executive Directors” under the “Directors, Senior Management and Employees” of this prospectus and hold certain positions in the Other Business Group, each of Mr Samson Fung and Mr David Fung intends to spend not less than 80% of their working time on our Group after the Listing. Our Directors are of the view that each of them will be able to fulfill his duties as an executive Director even if he does not devote all his working time to the business of our Group. During the Track Record Period, each of Mr Samson Fung and Mr David Fung spent a similar proportion of his working time on the business of our Group whilst he was engaged in other businesses at the same time. In light of the aforesaid, our Directors consider that the time devoted by Mr Samson Fung and Mr David Fung will be sufficient for our Group’s business and development.

Each Director is aware of his/her fiduciary duties as a director of our Company which require, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interest. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors and/or their respective close associates, the interested Director(s) (the “**Conflicted Directors**”) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions.

Our independent non-executive Directors have been appointed in compliance with the requirements under the Listing Rules to ensure that the decisions of our Board will be made only after due consideration of independent and impartial opinions. Our Directors believe that the presence of independent non-executive Directors provides a balance of views and opinions. Further, our Board acts collectively by majority decisions in accordance with the Articles and the laws, and no single Director is expected to have any decision-making power unless otherwise authorised by our Board.

In addition, our Group has adopted certain corporate governance measures for conflict situation in order to safeguard the interests of our Shareholders as a whole, details of which are set out in the paragraph headed “Corporate governance measures” in this section.

Having considered the above factors, our Directors are satisfied that they are able to perform their roles in our Company independently, and our Directors are of the view that our Group is capable of managing the business independently from Mr Samson Fung, Mr David Fung and Mr Alex Fung and their respective close associates after the Listing.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

UNDERTAKINGS

Each of our Controlling Shareholders has given certain undertakings in respect of the Shares to our Company, the Joint Sponsors, the Joint Lead Managers and the Underwriters, details of which are set out in the paragraph headed “Undertakings by our Controlling Shareholders” under the “Underwriting” section of this prospectus.

NON-COMPETITION UNDERTAKINGS

Our Controlling Shareholders have entered into the Deed of Non-competition in favour of our Company (for itself and as trustee for the benefit of its subsidiaries), under which our Controlling Shareholders have undertaken to our Company that they will not, and will procure that none of their respective close associates (other than members of our Group) will, during the Restricted Period (as defined below), directly or indirectly, either on their own account, in conjunction with, on behalf of, or through any person, firm or company, partnership, joint venture or other contractual arrangement, among other things, carry on, participate or be interested, engaged or otherwise involved in or acquire or hold (in each case whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) any business in the manufacturing, sale and trading of apparel labels and packaging printing products, and any other new business which our Group may undertake from time to time after the Listing (the “**Restricted Business**”), provide support in any form to persons or entities (other than members of our Group) to engage in the Restricted Business.

For the purpose of the Deed of Non-competition, “close associates” has the meaning ascribed to it under Rule 1.01 of the Listing Rules.

The non-competition undertakings do not apply to the relevant Controlling Shareholders in the circumstances where it or he has:

- (a) any interests in the shares of any member of our Group; or
- (b) interests in the shares of a company other than our Group provided that:
 - (i) any Restricted Business conducted or engaged in by such company (and assets relating to any Restricted Business) accounts for less than 30% of that company’s consolidated sales or consolidated assets, as shown in that company’s latest audited accounts; and
 - (ii) the total number of shares held by our Controlling Shareholders and their close associates in aggregate does not exceed 30% of the issued shares of that class of the company in question and our Controlling Shareholders and their close associates are not entitled to appoint a majority of the directors of that company.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

The “Restricted Period” stated in the Deed of Non-competition refers to the period during which:

- (a) our Shares remain listed on the Stock Exchange; and
- (b) our Controlling Shareholders and their close associates (other than members of our Group), individually or jointly, are entitled to exercise, or control the exercise of, not less than 30% of the voting power at general meetings of our Company; or
- (c) our Controlling Shareholders or the relevant close associates remain as a director of any member of our Group.

Our Controlling Shareholders have further unconditionally and irrevocably undertaken to procure that, during the Restricted Period, any business investment or other commercial opportunity relating to the Restricted Business (the “**New Opportunity**”) identified by or offered to our Controlling Shareholders and/or any of their close associates (other than members of our Group) (the “**Offeror**”) is first referred to us in the following manner:

- (a) Our Controlling Shareholders are required to, and shall procure their close associates (other than members of our Group) to, promptly within seven days upon identifying or being offered any New Opportunity, refer, or procure the referral of, the New Opportunity to us on the terms no less favourable than those offered to the Offeror, and shall give written notice to us of any New Opportunity containing all information reasonably necessary for us to consider whether (i) the New Opportunity would constitute competition with our core business and/or any other new business which our Group may undertake at the relevant time, and (ii) it is in the interest of our Group to pursue the New Opportunity, including but not limited to the nature of the New Opportunity and the details of the investment or acquisition costs (the “**Offer Notice**”).
- (b) The Offeror will be entitled to pursue the New Opportunity only if (i) the Offeror has received a written notice from us declining the New Opportunity and confirming that the New Opportunity would not constitute competition with our core business, or (ii) the Offeror has not received the notice from us within 20 business days from our receipt of the Offer Notice (or such longer period of a maximum of 30 business days as we may require by giving written notice). If there is a material change in the terms and conditions of the New Opportunity pursued by the Offeror, the Offeror will refer the New Opportunity as so revised to us in the manner as set out above.

Upon receipt of the Offer Notice, we will seek opinions and decisions from a committee of our Board consisting of Directors who do not have a material interest in the matter as to whether (a) such New Opportunity would constitute competition with our core business, and (b) it is in the interest of our Company and our Shareholders as a whole to pursue the New Opportunity.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Further undertakings

Our Controlling Shareholders have further undertaken to:

- (a) procure all relevant information relating to the implementation of the Deed of Non-competition in their possession and/or the possession of any of their close associates to be provided to us;
- (b) allow, subject to confidentiality restrictions imposed by any third party, our representatives and those of our auditors to have access to their financial and corporate records as may be necessary for us to determine whether the non-competition undertakings have been complied with by our Controlling Shareholders and their close associates; and
- (c) provide us, within 10 business days from the receipt of our written request, with a written confirmation in respect of their compliance and that of their close associates with the non-competition undertakings and consent to the inclusion of such confirmation in our annual report.

Our Controlling Shareholders, for themselves and on behalf of their close associates (except any members of our Group), have also acknowledged that we may be required by the relevant laws, regulations, rules of the stock exchange(s) on which we may be listed and the regulatory bodies to disclose, from time to time, information on the New Opportunity, including but not limited to disclosure in public announcements or our annual report or decision made by us to pursue or decline the New Opportunity and has agreed to the disclosure to the extent necessary to comply with any such requirement.

Assessment of compliance with non-competition undertakings

Our Directors who have no material interest in the matters discussed will, based on the information available to them, including information and confirmation provided by or obtained from our Controlling Shareholders and their close associates (other than members of our Group) as described above, review on an annual basis (a) the compliance with the non-competition undertakings; and (b) all the decisions taken in relation to whether to pursue any business opportunities which may be referred or offered to us by our Controlling Shareholders or their close associates (other than members of our Group) under the Deed of Non-competition. Findings of such review will be disclosed in our annual report after the Listing.

CORPORATE GOVERNANCE MEASURES

Our Company has adopted the following stringent corporate governance measures for conflict situation in order to safeguard the interests of our Shareholders as a whole:

- (a) all the Conflicted Director(s) will abstain from participation in any board meeting of our Company or part thereof when matters relating to the exercise of any rights of first refusal granted to our Group or any other connected transactions with those companies controlled by our Controlling Shareholders (other than our

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Group) are discussed, unless his/her attendance is agreed by a majority of the independent non-executive Directors. Notwithstanding his/her attendance, he/she shall not vote or be counted towards the quorum in respect of such matters;

- (b) a committee comprising all Directors (excluding those Directors who are interested in the relevant Restricted Business) shall decide whether or not to pursue the opportunity offered by our Controlling Shareholders and/or their respective close associates (other than our Group). When considering whether or not to pursue such opportunity, the committee will consider whether the relevant business opportunities are expected to present a sustainable level of profitability, accord with the development strategy of our Group at the material time, and would be in the best interest of the Shareholders as a whole. Notwithstanding that the Conflicted Director(s) shall abstain from voting on any resolution of the board relating to connected transactions with those companies controlled by our Controlling Shareholders and/or their respective close associates other than our Group, the Conflicted Director(s) shall be obliged to provide useful information to assist the committee or independent financial adviser or other professional advisers for them in assessing such opportunity. Such committee may appoint an independent financial adviser or other professional advisors to give the necessary advice;
- (c) our Company has appointed Gram Capital as the compliance adviser which shall provide our Company with professional advice and guidance in respect of compliance with the Listing Rules and applicable laws;
- (d) our Company will disclose in the annual reports compliance and enforcement of the undertakings by our Controlling Shareholders in respect of the Deed of Non-competition and the appropriate actions to be taken by our Company. Our Company will disclose the details and basis of the decisions on the matters reviewed by the independent non-executive Directors in relation to the compliance and enforcement of arrangement of any new business opportunity;
- (e) the Board will ensure any event relating to the potential conflict of interests shall be reported to the independent non-executive Directors as soon as practicable when it realises or suspects any event relating to potential conflict of interests may occur during the daily operations;
- (f) following the reporting of any event relating to potential conflict of interests, the Board will hold a management meeting to review and evaluate the implications and risk exposures of such event and the compliance of the Listing Rules in order to monitor any irregular business activities and alert the Board, including the independent non-executive Directors, to take any precautions actions;
- (g) our Company will disclose the non-competition undertakings given by our Controlling Shareholders in its annual report or by way of announcement to the public in addition to complying with the disclosure requirements under the Listing Rules; and

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (h) our Controlling Shareholders also undertake to provide all information necessary for the enforcement of the non-competition undertakings as requested by the committee from time to time and make an annual declaration in compliance with the non-competition undertakings in the annual report of our Company.

CONNECTED TRANSACTIONS

CONNECTED TRANSACTIONS

Prior to the Listing, our Group entered into transactions with a connected person of our Company in the ordinary course of business of our Group which have been discontinued, and with two other connected persons for the leases of director quarters which are expected to continue after the Listing and therefore constitute continuing connected transactions of our Company. These transactions are described as below:

Discontinued connected transaction

Sale of paper printing materials, as well as cardboards and takeaway bags for restaurant use to JSD Investment Limited

During the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015, our Group sold paper printing materials such as table paper, order paper and promotion leaflets, as well as cardboards and takeaway bags of various sizes to JSD Investment Limited, which amounted to approximately HK\$21,000, HK\$19,000, HK\$10,000 and HK\$Nil, respectively. JSD Investment Limited is wholly-owned by Mr David Fung, a connected person of our Company.

Our Directors advised that the printing of paper materials for JSD Investment Limited was all processed by our Group's production facilities. Takeaway bags were fully sourced from independent subcontractors and the cardboards were cut into the required sizes by our Group. Prices for products sold to JSD Investment Limited were determined with reference to raw material costs (such as paper and ink), overhead costs (such as direct labour cost, machine cost and rent) and subcontracting cost (if applicable) plus a profit to our Group.

Our Group confirmed that it did not sell any products to JSD Investment Limited and/or other connected persons of our Company after the year ended 30 June 2015.

Fully exempt continuing connected transactions

Tenancy agreement between Hang Sang (Siu Po) and Karwin Corporation Limited

On 15 March 2015, Hang Sang (Siu Po) entered into a tenancy agreement with Karwin Corporation Limited ("**Tenancy Agreement I**") for the leasing of the property at House 24 (comprising the ground, first and second floors and the terrace thereof, parking area, yard, garden area and slope), The Riviera, 10 Pik Sha Road, Silverstrand, Sai Kung, New Territories, Hong Kong ("**Leased Property One**") with a saleable area of approximately 2,208.8 sq.ft. to our Group for a monthly rental of HK\$70,000 (inclusive of rates and service charges but exclusive of all water, gas and electricity charges and other outgoings) commencing from 1 April 2015 to 31 March 2017. The Leased Property One is used as a director quarter of our Group. It is expected that our Group will continue to lease the premises after the Listing. Karwin Corporation Limited is wholly-owned by Mr Samson Fung, a connected person of our Company and the transactions under Tenancy Agreement I will constitute a continuing connected transaction of our Company under Chapter 14A of the Listing Rules upon Listing.

CONNECTED TRANSACTIONS

Tenancy agreement between Hang Sang (Siu Po) and Super Champion Limited

On 10 December 2014, Hang Sang (Siu Po) entered into a tenancy agreement with Super Champion Limited (“**Tenancy Agreement II**”) for the leasing of the property at Flat A, Ground Floor, Content Lodge (duplex apartment A on G/F and 1/F and the garden adjoining to the apartment), 140 Waterloo Road, Kowloon Tong, Kowloon, Hong Kong (“**Leased Property Two**”) with a saleable area of approximately 2,869.7 sq.ft. to our Group for a monthly rental of HK\$70,000 (inclusive of rates and service charges but exclusive of all water, gas and electricity charges and other outgoings) commencing from 1 January 2015 to 31 December 2016. The Leased Property Two is used as a director quarter of our Group. It is expected that our Group will continue to lease the premises after the Listing. Super Champion Limited is wholly-owned by Mr David Fung, a connected person of our Company and the transactions under Tenancy Agreement II will constitute a continuing connected transaction of our Company under Chapter 14A of the Listing Rules upon Listing.

Historical transaction amounts

The rents paid by our Group for the Leased Property One and the Leased Property Two amounted to HK\$1,680,000, HK\$1,680,000, HK\$1,680,000 and HK\$560,000 for the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015, respectively.

Implications under the Listing Rules

The annual rents paid and payable by our Group under Tenancy Agreement I and Tenancy Agreement II will be HK\$840,000 and HK\$840,000 for the year ending 30 June 2016, respectively, and will be HK\$630,000 and HK\$420,000 for the year ending 30 June 2017, respectively.

The rents under Tenancy Agreement I and Tenancy Agreement II are both determined after arm’s length negotiation between the parties thereto by reference to the prevailing market rates.

Roma Appraisals Limited, our independent property valuer, has reviewed Tenancy Agreement I and Tenancy Agreement II and conducted market search on the leasing market in Hong Kong.

Roma Appraisals Limited has confirmed that the rents are at current market level and other commercial terms of Tenancy Agreement I and Tenancy Agreement II are on normal commercial terms under the current prevailing market conditions and are considered to be fair and reasonable. As such, our Directors consider that the leasing of the premises by our Group under Tenancy Agreement I and Tenancy Agreement II are on normal commercial terms which are fair and reasonable and in the interests of our Company and Shareholders as a whole.

CONNECTED TRANSACTIONS

As each of the applicable percentage ratios under Chapter 14A of the Listing Rules in respect of the transactions under each of Tenancy Agreement I and Tenancy Agreement II on an annual basis is less than 5% and the aggregate annual amount for each of the respective rental payments is less than HK\$3,000,000, the transactions under each of Tenancy Agreement I and Tenancy Agreement II are considered to be *de minimis transactions* upon Listing and will be fully exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

SHARE CAPITAL

AUTHORISED AND ISSUED SHARE CAPITAL

Our Company's authorised and issued share capital immediately following the Capitalisation Issue and the Share Offer will be as follows:

<i>Authorised share capital:</i>		HK\$
<u>760,000,000</u>	Shares	<u>7,600,000</u>
<i>Issued and to be issued, fully paid or credited as fully paid upon completion of the Share Offer:</i>		
4,000,100	Shares in issue as at the date of this prospectus	40,001
133,999,900	Shares to be issued under the Capitalisation Issue	1,339,999
<u>46,000,000</u>	Shares to be issued pursuant to the Share Offer	<u>460,000</u>
<u>184,000,000</u>	Total	<u>1,840,000</u>

ASSUMPTIONS

The above table assumes that the Capitalisation Issue and the Share Offer have become unconditional. It takes no account of any Shares (a) which may be allotted and issued upon the exercise of any options that may be granted under the Share Option Scheme; or (b) which may be allotted, issued or repurchased by our Company under the Issuing Mandate and the Repurchase Mandate.

RANKING

The Offer Shares are ordinary shares in the share capital of our Company and rank *pari passu* in all respects with all Shares currently in issue or to be issued as mentioned in this prospectus, and will qualify in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus other than participation in the Capitalisation Issue.

CAPITALISATION ISSUE

Pursuant to the written resolutions of our sole Shareholder passed on 26 April 2016, conditional on the share premium account of our Company being credited as a result of the issue of the Offer Shares by our Company under the Share Offer, our Directors were authorised to allot and issue a total of 133,999,900 Shares credited as fully paid at par to the shareholder(s) whose name(s) appear(s) on the register of members of our Company at the close of business on 26 April 2016 by way of capitalisation of the sum of HK\$1,339,999 standing to the credit of the share premium account of our Company, and the Shares to be allotted and issued under such resolutions shall rank *pari passu* in all respects with the existing issued Shares.

SHARE CAPITAL

GENERAL MANDATES

General mandate to issue Shares

Subject to the Share Offer becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with a total number of issued Shares of not more than the sum of:

1. 20% of the total number of Shares in issue immediately following the completion of the Capitalisation Issue and the Share Offer; and
2. the total number of Shares repurchased by us under the authority referred to in the paragraph headed “General mandate to repurchase Shares” below.

The Issuing Mandate does not apply to situations where our Directors allot, issue or deal with Shares by way of rights or an issue of Shares upon the exercise of any subscription rights attached to any warrants of our Company or under the exercise of any options which may be granted under the Share Option Scheme or any other option scheme or similar arrangement for the grant or issue to officers and/or employees of our Company and/or any of its subsidiaries of Shares or rights to acquire Shares or any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association or a specific authority granted by our Shareholders in our general meeting.

The Issuing Mandate will expire:

- at the conclusion of our Company’s next annual general meeting;
- at the expiration of the period within which our Company’s next annual general meeting is required by the Articles of Association or any other applicable laws of the Cayman Islands to be held; or
- when varied or revoked by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

For further details of the Issuing Mandate, please see the section headed “Statutory and General Information – A. Further information about our Group – 4. Written resolutions of the sole Shareholder” in Appendix IV to this prospectus.

General mandate to repurchase Shares

Subject to the Share Offer becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with a total number of Shares of up to 10% of the number of the Shares in issue immediately following completion of the Capitalisation Issue and the Share Offer.

SHARE CAPITAL

The Repurchase Mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares are listed (and which are recognised by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed “Statutory and General Information – A. Further information about our Group – 6. Repurchase of our own securities” in Appendix IV to this prospectus.

The Repurchase Mandate will expire:

- at the conclusion of our Company’s next annual general meeting;
- at the expiration of the period within which our Company’s next annual general meeting is required by the Articles of Association or any other applicable laws of the Cayman Islands to be held; or
- when varied or revoked by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

For further details of the Repurchase Mandate, please see the section headed “Statutory and General Information – A. Further information about our Group – 4. Written resolutions of the sole Shareholder” in Appendix IV to this prospectus.

SHARE OPTION SCHEME

We conditionally adopted the Share Option Scheme. A summary of the principal terms is set out in the section headed “Statutory and General Information – D. Share Option Scheme” in Appendix IV to this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Pursuant to the Cayman Companies Law and the terms of the Memorandum of Association and Articles of Association, our Company may from time to time by ordinary resolutions of Shareholders (i) increase its capital; (ii) consolidate and divide its capital into Shares of larger amount; (iii) divide its Shares into several classes; (iv) subdivide its Shares into Shares of smaller amount; and (v) cancel any Shares which have not been taken. In addition, our Company may subject to the provisions of the Cayman Companies Law reduce its share capital or capital redemption reserve by its Shareholders passing a special resolution. For details, please see the section headed “Summary of the Constitution of our Company and Cayman Islands Company Law – 2. Articles of Association – (c) Alteration of capital” in Appendix III to this prospectus.

Pursuant to the Cayman Companies Law and the terms of the Memorandum of Association and Articles of Association, all or any of the special rights attached to the Shares or any class of Shares may be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued Shares

SHARE CAPITAL

of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of that class. For details, please see the section headed “Summary of the Constitution of our Company and Cayman Islands Company Law – 2. Articles of Association – (d) Variation of rights of existing shares or classes of shares” in Appendix III to this prospectus.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Our Board consists of six Directors, including three executive Directors and three independent non-executive Directors.

The following table sets forth certain information regarding our Directors:

Name	Age	Position(s)	Date of appointment	Date of joining our Group	Principal responsibilities	Relationship with other Directors and members of the senior management
Mr Fung Man Wai Samson (馮文偉)	56	Chairman, chief executive officer and an executive Director	1 December 2015	20 December 1997	Formulating the overall development strategies and business plans and overseeing the operations of our Group	Father of Mr Alex Fung and the elder brother of Mr David Fung
Mr Fung Man Kam (馮文錦)	48	Senior vice president and an executive Director	1 December 2015	20 December 1997	Primarily responsible for providing the overall strategic advice to our Group	The younger brother of Mr Samson Fung and an uncle of Mr Alex Fung
Mr Fung Kar Chue Alexander (馮家柱)	30	Vice president and an executive Director	1 December 2015	24 August 2015	Primarily responsible for the overall management, operations and reviewing the corporate directions and strategies of our Group	The son of Mr Samson Fung and a nephew of Mr David Fung
Dr Loke Yu (陸海林)	66	Independent non-executive Director	26 April 2016	26 April 2016	Supervising and providing independent judgement to our Board	No
Ms Fung Po Yee (馮寶儀)	40	Independent non-executive Director	26 April 2016	26 April 2016	Supervising and providing independent judgement to our Board	No
Ms Sung Ting Yee (宋婷兒)	41	Independent non-executive Director	26 April 2016	26 April 2016	Supervising and providing independent judgement to our Board	No

DIRECTORS

Executive Directors

Mr Fung Man Wai Samson (馮文偉), aged 56, has joined our Group since 20 December 1997 and is a co-founder of our Group. He is one of our Controlling Shareholders, and our chairman, chief executive officer and executive Director. Mr Samson Fung was appointed as our Director on 8 October 2015 and designated as our chairman, chief executive officer and executive Director on 1 December 2015. Mr Samson Fung has had approximately 18 years of experience in the printing industry when he assisted his family's printing business before joining our Group, and has had more than 15 years of experience in the apparel label and packaging product printing industry. In December 1997,

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr Samson Fung and Mr David Fung acquired A W Printing which specialised in the trading of apparel labels and packaging printing products. Subsequently in November 1999, Mr Samson Fung and Mr David Fung established Hang Sang (Siu Po) which focused on the manufacturing and sale of apparel labels and packaging printing products. Mr Samson Fung is a director of Hang Sang (Siu Po) Holding, A W Printing and Hang Sang (Siu Po). He is the father of Mr Alex Fung and the elder brother of Mr David Fung.

Provision A.2.1 of the Corporate Governance Code and Corporate Governance Report, Appendix 14 of the Listing Rules (the “CG Code”) stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr Samson Fung is our chairman and the chief executive officer of our Company. In view that Mr Samson Fung is one of the co-founders of our Group and has been operating and managing our Group since 1997, our Board believes that it is in the best interest of our Group to have Mr Samson Fung taking up both roles for effective management and business development. Therefore, our Directors consider that the deviation from the CG Code provision A.2.1 is appropriate in such circumstance.

Mr Fung Man Kam (馮文錦), aged 48, has joined our Group since 20 December 1997 and is a co-founder of our Group. He is one of our Controlling Shareholders, and our senior vice president and executive Director. Mr David Fung was appointed as our Director on 8 October 2015 and designated as our senior vice president and executive Director on 1 December 2015. He graduated from York University, Toronto, Canada with a bachelor of arts in mathematics for commerce in November 1990. Mr David Fung has had approximately two years of experience in the printing industry when he assisted his family’s printing business before joining our Group, and has had more than 15 years of experience in the apparel label and packaging product printing industry. In December 1997, Mr David Fung and Mr Samson Fung acquired A W Printing which specialised in the trading of apparel labels and packaging printing products. Subsequently in November 1999, Mr David Fung and Mr Samson Fung established Hang Sang (Siu Po) which focused on the manufacturing and sale of apparel labels and packaging printing products. Mr David Fung is a director of Hang Sang (Siu Po) Holding, A W Printing and Hang Sang (Siu Po). He is the younger brother of Mr Samson Fung and an uncle of Mr Alex Fung.

Mr Fung Kar Chue Alexander (馮家柱), aged 30, has joined our Group since 24 August 2015. He is our vice president and executive Director. Mr Alex Fung was appointed as our Director on 8 October 2015 and designated as our vice president and executive Director on 1 December 2015. Mr Alex Fung obtained a master degree in business, entrepreneurship and technology at the University of Waterloo, Ontario, Canada in October 2010. He worked at The Hongkong and Shanghai Banking Corporation Limited between February 2012 and February 2014 with last position as an associate portfolio manager. He was confirmed employment by J.P. Morgan Chase Bank, N.A. under private banking analyst program in February 2014. His employment with J.P. Morgan Chase Bank, N.A. was between March 2014 and August 2015 before joining our Company. Mr Alex Fung is a director of Hang Sang (Siu Po) Holding. He is the son of Mr Samson Fung and a nephew of Mr David Fung.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Independent non-executive Directors

Dr Loke Yu alias **Loke Hoi Lam** (陸海林), aged 66, was appointed as our independent non-executive Director and the chairman of our Audit Committee on 26 April 2016. Dr Loke obtained a master's degree in business administration from the Universiti Teknologi Malaysia in April 2001 and a doctor's degree in business administration from the University of South Australia in March 2006.

Dr Loke has become a Fellow of The Institute of Chartered Accountants in England and Wales since January 1982, a Fellow of the Hong Kong Institute of Certified Public Accountants and The Hong Kong Institute of Directors since April 2004, and a Fellow of The Hong Kong Institute of Chartered Secretaries since October 2013.

Dr Loke is currently the company secretary of Minth Group Limited (stock code: 425), the issued shares of which are listed on the Stock Exchange. He also serves as an independent non-executive director of Matrix Holdings Limited (stock code: 1005), V1 Group Limited (stock code: 82), China Beidahuang Industry Group Holdings Limited (stock code: 39), China Fire Safety Enterprise Group Limited (stock code: 445), Winfair Investment Company Limited (stock code: 287), SCUD Group Limited (stock code: 1399), Zhong An Real Estate Limited (stock code: 672), Chiho-Tiande Group Limited (stock code: 976), Tianjin Development Holdings Limited (stock code: 882), China Household Holdings Limited (stock code: 692), Tianhe Chemicals Group Limited (stock code: 1619), Mega Medical Technology Limited (stock code: 876), China New Energy Power Group Limited (stock code: 1041) and Forebase International Holdings Limited (stock code: 2310), which are all companies listed on the Stock Exchange.

Ms Fung Po Yee (馮寶儀), aged 40, was appointed as our independent non-executive Director and the chairman of our Nomination Committee on 26 April 2016. Ms Fung obtained her bachelor of laws degree in December 1998 and was awarded the Postgraduate Certificate in Laws in September 1999 at The University of Hong Kong. She was also awarded the Postgraduate Diploma in International Commercial Law at The University of Nottingham of the United Kingdom in December 2003. Ms Fung was admitted as a solicitor in September 2002. She worked at Woo, Kwan, Lee & Lo between September 2002 and June 2007 with last position as an assistant solicitor. She then joined Reed Smith Richards Butler (formerly known as Richards Butler) as an assistant solicitor between July 2007 and August 2009, and between April 2011 and December 2012. She joined BOC Hong Kong (Holdings) Limited (stock code: 2388), the issued shares of which are listed on the Stock Exchange, as an assistant company secretary between August 2009 and March 2011. In January 2013, Ms Fung co-founded CFN Lawyers, a law firm in association with Broad & Bright, and is currently a partner of the firm.

Ms Sung Ting Yee (宋婷兒), aged 41, was appointed as our independent non-executive Director and the chairman of our Remuneration Committee on 26 April 2016. Ms Sung obtained a bachelor's degree in accountancy at the Birmingham City University (formerly known as University of Central England in Birmingham), United Kingdom in June 1998 and a master's degree in business administration at the University of Birmingham, United

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Kingdom in December 2012. She has become a certified public accountant of the Hong Kong Institute of Certified Public Accountants since February 2004 and a Fellow of the Association of Chartered Certified Accountants since November 2009.

She has more than 17 years of experience in accounting and auditing. She worked at an accounting firm for auditing between October 1998 and December 2000. She then worked in the assurance division of Grant Thornton between February 2001 and December 2004. In December 2004, Ms Sung joined PricewaterhouseCoopers Ltd as a senior associate in the assurance department and as a manager in July 2005 until January 2006. She worked as an assistant internal audit manager in February 2006 and as an internal audit manager in January 2007 in BALtrans Logistics (Hong Kong) Ltd until May 2007. She later joined China Mining Resources Group Limited (stock code: 340), the issued shares of which are listed on the Stock Exchange, as the finance manager between July 2007 and April 2008.

In April 2008, Ms Sung joined Capital Finance Holdings Limited (stock code: 8239) (formerly known as Ming Kei Energy Holdings Limited and Ming Kei Holdings Limited), the issued shares of which are listed on the Stock Exchange, as an internal audit manager, and was appointed as the chief investment officer in March 2010 and also as the chief financial officer in September 2010. In May 2012, Ms Sung resigned as the chief investment officer but remained as the chief financial officer, and was re-designated from her position as the chief financial officer to the position of the group financial controller in August 2012. She was re-designated as the chief financial officer from July 2013 to September 2015, and the company secretary from October 2014 to January 2015, respectively. Ms Sung is currently the chief investment officer of Capital Finance Holdings Limited and has been re-designated to this position since July 2013.

Besides, Ms Sung was appointed as an executive director of Newtree Group Holdings Limited (stock code: 1323), the issued shares of which are listed on the Stock Exchange, in April 2012. In May 2012, she was appointed as a financial controller in May 2012 and was designated as the group finance director in November 2012 but resigned as the group finance director in January 2013. She was then appointed as the joint vice-chairman and the chief executive officer in July 2014. She retired as an executive director and ceased to be a joint vice-chairman in August 2015 and the chief executive officer since 31 March 2016.

In addition, Ms Sung was appointed as the chairman, an executive director and the finance director of Sky Forever Supply Chain Management Group Limited (stock code: 8047) (formerly known as Rising Power Group Holdings Limited and China Neng Xiao Technology (Group) Limited), the issued shares of which are listed on the Stock Exchange, in May 2013. She resigned as the chairman in September 2013 but remained as an executive director and the finance director. Ms Sung resigned as an executive director and the finance director on 10 January 2014 and 17 January 2014, respectively.

Save as disclosed in this prospectus, each of our Directors confirmed that he/she (i) did not hold any directorships in the last three years prior to the Latest Practicable Date in public companies, the securities of which are listed on any securities market in Hong Kong or overseas; (ii) does not hold any other positions with us or other members of our Group;

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

and (iii) does not have any relationship with other Directors, senior management or Controlling Shareholders of our Company or any interest in our Shares within the meaning of Part XV of the SFO.

Save as disclosed in this prospectus, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of our Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as at the Latest Practicable Date.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

SENIOR MANAGEMENT

The following table sets forth certain information regarding our senior management:

Name	Age	Position(s)	Date of joining our Group	Principal responsibilities
Mr Li Kit Chung (李杰聰)	33	Chief financial officer and company secretary	31 August 2015	Overseeing the overall financial, budget control and corporate finance affairs of our Group
Ms Lee Mei Yi Esther (李美儀)	45	General manager	2 July 2002	Managing the general operations of our Group
Ms Kwok Ka Lin (郭家蓮)	42	Accounting manager	1 October 2000	Managing the financial affairs of our Group
Mr Ho Kong Fai (何光輝)	50	Administrative manager	1 October 2000	Overseeing the administration and human resources department of our Group
Ms Chau Po Ying Marjorie (周寶英)	45	Sales manager	1 January 1998	Overseeing the overall sales, product development and customer service of our Group
Mr Mok Chi Cheong (莫志昌)	45	Computer room supervisor	13 June 2005	Overseeing the data processing department and managing the operations of the data entry, digital printing and plate room of our Group
Mr Sit Po Paul (薛波)	40	Production foreman	16 April 2002	Managing the production of the products of our Group

Biographies of each member of the senior management team are set out below:

Mr Li Kit Chung (李杰聰), aged 33, has joined our Group since 31 August 2015 as the Finance Manager of Hang Sang (Siu Po) and has been our chief financial officer and company secretary since 9 December 2015. Mr Li was awarded a bachelor's degree of commerce (honours) in accounting at the Hong Kong Shue Yan University (formerly known as the Hong Kong Shue Yan College) in July 2006 and has become a certified public accountant of the Hong Kong Institute of Certified Public Accountants since May 2010. He

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

has more than eight years of experience in accounting. He worked at Baker Tilly Hong Kong between September 2006 and December 2010 with last position as a senior auditor, and Ernst and Young between January 2011 and December 2014 with last position as a manager. He served at China New Energy Power Group Limited (stock code: 1041), the issued shares of which are listed on the Stock Exchange, as the financial controller in December 2014 and became the chief financial officer in June 2015, until he left the company on 30 August 2015 and joined Hang Sang (Siu Po) on 31 August 2015 as a finance manager. He oversees the overall financial, budget control and corporate finance affairs of our Group.

Ms Lee Mei Yi Esther (李美儀), aged 45, joined our Group as general manager of Hang Sang (Siu Po) on 2 July 2002 and has been working in our Group for more than 13 years. She manages the general operations of our Group.

Ms Kwok Ka Lin (郭家蓮), aged 42, joined our Group as accounting supervisor of Hang Sang (Siu Po) on 1 October 2000 and has become our accounting manager since 1 October 2015. She has been working in our Group for more than 15 years. She graduated from the Hong Kong Polytechnic University with a higher diploma in accountancy in December 1999 and a bachelor of arts in accountancy in November 2001. Ms Kwok has become a member of The Association of Chartered Certified Accountants since 2006. She manages the financial affairs of our Group.

Mr Ho Kong Fai (何光輝), aged 50, joined our Group as administrative manager of Hang Sang (Siu Po) on 1 October 2000 and has been working in our Group for more than 15 years. He graduated from the Hong Kong Shue Yan College (currently known as the Hong Kong Shue Yan University) with a diploma in business administration in July 1989. He oversees the administration and human resources department of our Group.

Ms Chau Po Ying Marjorie (周寶英), aged 45, had worked at A W Printing as customer service representative for approximately two years when Mr Samson Fung and Mr David Fung acquired A W Printing in December 1997. Since then, she stayed on as sales manager assistant of A W Printing and has become our sales manager since 1 October 2015, and has been working in our Group for more than 17 years. Ms Chau oversees the overall sales, product development and customer service of our Group. Ms Chau is the spouse of Mr Sit Po Paul.

Mr Mok Chi Cheong (莫志昌), aged 45, joined our Group as computer room supervisor of Hang Sang (Siu Po) on 13 June 2005 and has been working in our Group for more than 10 years. Before Mr Mok joined our Group, he had experience in pre-press design and plate printing at various computer graphic arts companies for more than 15 years. He oversees the data processing department and manages the operations of the data entry, digital printing and plate room of our Group.

Mr Sit Po Paul (薛波), aged 40, first joined our Group as printing machine pressman of Hang Sang (Siu Po) in October 2000 and left in September 2001. Before he rejoined our Group as production foreman of Hang Sang (Siu Po) in April 2002, he had experience in

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

die-cutting and printing at various printing companies for more than three years. Since then, he has been working in our Group for more than 13 years. He manages the production of the products of our Group. Mr Sit is the spouse of Ms Chau Po Ying Marjorie.

Save as disclosed in this prospectus, each of our senior management confirmed that he/she (i) did not hold any directorships in the last three years prior to the Latest Practicable Date in public companies, the securities of which are listed on any securities market in Hong Kong or overseas; and (ii) does not have any relationships with the Directors, senior management or Controlling Shareholders of our Company.

COMPANY SECRETARY

Mr Li Kit Chung (李杰聰) is our company secretary. Mr Li's biography is set out in "Senior Management" above.

BOARD COMMITTEES

Audit Committee

We established an audit committee on 26 April 2016 in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the CG Code. The primary duties of the Audit Committee are to assist our Board to provide an independent review of the effectiveness of the financial reporting process, internal control system and risk management system of our Group, oversee the audit process, review our annual and interim financial statements, and perform other duties and responsibilities as assigned by our Board. The Audit Committee consists of three independent non-executive Directors, Dr Loke Yu (being the chairman with professional qualifications in accountancy), Ms Fung Po Yee and Ms Sung Ting Yee.

Remuneration Committee

We established a remuneration committee on 26 April 2016 in compliance with Rule 3.25 of the Listing Rules and paragraph B.1 of the CG Code. The primary duties of the Remuneration Committee include (but without limitation): (i) making recommendations to our Directors on our policy and structure for all remunerations of our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) determining the terms of the specific remuneration package of our Directors and senior management; (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time; and (iv) considering and approving the grant of share options to eligible participants pursuant to the Share Option Scheme. The Remuneration Committee consists of five members, including Ms Sung Ting Yee (as the chairman of the Remuneration Committee), Mr Samson Fung, Mr Alex Fung and the other two independent non-executive Directors (being Dr Loke Yu and Ms Fung Po Yee).

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Nomination Committee

We established a nomination committee on 26 April 2016 in compliance with paragraph A.5.1 of the CG Code. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment or re-appointment of Directors and other senior management of our Group, and review the structure, size and composition (including the skills, knowledge and experience) of our Board. The Nomination Committee consists of five members, including Ms Fung Po Yee (as the chairman of the Nomination Committee), Mr Samson Fung, Mr Alex Fung and the other two independent non-executive Directors (being Dr Loke Yu and Ms Sung Ting Yee).

DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

The aggregate amount of fees, salaries, housing allowances, other allowances, benefits in kind (including retirement benefit contribution on behalf of our Directors) and discretionary bonuses paid by us to our Directors for the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015, were approximately HK\$3.6 million, HK\$3.6 million, HK\$3.6 million and HK\$1.4 million, respectively.

Of the five individuals with the highest emoluments, include 2, 2, 2 and 3 directors, for each of the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015, respectively. Directors' remuneration (including rental benefits for accommodation) amounted to approximately HK\$3.6 million, HK\$3.6 million, HK\$3.6 million and HK\$1.4 million for each of the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015, respectively. The remuneration (including retirement benefit costs – defined contribution plans) of the remaining 3, 3, 3 and 2 highest paid individuals amounted to approximately HK\$1.8 million, HK\$1.9 million, HK\$1.4 million and HK\$0.5 million for the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015, respectively.

During the Track Record Period, no remuneration was paid by us to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Group or as a compensation for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. In addition, none of our Directors or the five highest paid individuals has waived any emoluments.

Save as disclosed above, no other payments have been paid, or are payable, by our Group to our Directors during the Track Record Period.

Under the arrangements currently in force, the aggregate remuneration of our Directors (including our independent non-executive Directors) payable in respect of the year ending 30 June 2016 is estimated to be approximately HK\$4.4 million.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

COMPLIANCE ADVISER

We have appointed Gram Capital as our compliance adviser, pursuant to Rule 3A.19 of the Listing Rules to provide the following services:

- (a) to provide our Company with proper guidance and advice as to compliance with the requirements under the Listing Rules and applicable laws, rules, codes and guidelines;
- (b) upon receiving reasonable prior notice from our Company, to accompany our Company to any meetings with the Stock Exchange that our Company is asked to attend, unless otherwise requested by the Stock Exchange;
- (c) no less frequently than at the time of reviewing the financial report of our Company under Rule 3A.23(1) of the Listing Rules and upon our Company notifying Gram Capital of a proposed change in the use of proceeds of the Share Offer under Rule 3A.23(3) of the Listing Rules, Gram Capital shall timely discuss the following (as appropriate) with our Company:
 - (i) our Company's operating performance and financial condition with reference to our Company's business objectives and proposed use of issue proceeds as stated in this prospectus;
 - (ii) our Company's compliance with the terms and conditions of any waivers from the strict compliance with the Listing Rules at the time of Listing and any other waivers as may be granted by the Stock Exchange under the Listing Rules to our Company from time to time;
 - (iii) whether any profit forecast or estimate, if any, in this prospectus will be or has been met by our Company and advise our Company to notify the Stock Exchange and inform the public in a timely and appropriate manner; and
 - (iv) our Company's compliance with any undertakings provided by our Company and our Directors at the time of Listing, and, in the event of non-compliance, discuss the issue with the Board and make recommendations to the Board regarding appropriate remedial steps;
- (d) if required by the Stock Exchange, to deal with the Stock Exchange in respect of any or all matters listed in Rule 3A.23 of the Listing Rules;
- (e) in relation to an application by our Company for a waiver from any of the requirements in Chapter 14A of the Listing Rules, to advise our Company on our obligations and in particular the requirement to appoint an independent financial adviser;
- (f) to assess the understanding of all new appointees to the Board regarding the nature of their responsibilities and fiduciary duties as a director of a listed company, and, to the extent Gram Capital forms an opinion that the new

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

appointees' understanding is inadequate, discuss the inadequacies with the Board and make recommendations to the Board regarding appropriate remedial steps such as provision of training to such new appointee;

- (g) to inform our Company as soon as reasonably practicable of any amendment or supplement to the Listing Rules announced by the Stock Exchange from time to time and any new or amended law, rule, code and guideline in Hong Kong which is material and applicable to our Company; and
- (h) to discharge such duties and functions as may be required to be performed by Gram Capital under the Listing Rules from time to time.

The term of the appointment will commence on the Listing Date and end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date.

STAFF

As at the Latest Practicable Date, we had a total of 101 full-time employees, all of whom were located in Hong Kong. The following table sets out a breakdown of our employees by function as at the Latest Practicable Date:

	As at the Latest Practicable Date <i>Number of full-time employees</i>
Executive Directors	3
General manager	1
Chief financial officer	1
Administration and human resources (<i>Note</i>)	9
Accounting	3
Sales	11
Production	22
Data processing	20
Warehouse	4
Subcontracting (<i>Note</i>)	3
Quality control	1
Logistics	23
	<hr/>
Total	101

Note: As at the Latest Practicable Date, an employee working for and classified under the subcontracting department also worked for the purchasing function under the administration and human resources department.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Our relationship with staff

Our Directors believe that our staff are among the most valuable assets of our Group and have contributed to the success of our Group. We provide training to individual employees according to their job positions. In particular, we provide on-the-job training and training programmes to our staff to enhance their technical and product knowledge including safety standards, quality control and job related skills.

Since we were established, we have not experienced any significant turnover of staff or any disruption to our business operations due to labour disputes. Our Directors consider that we have maintained a good relationship with our staff.

Staff benefits

Our employees in Hong Kong have joined a defined contribution Mandatory Provident Fund retirement benefits scheme (the “**MPF Scheme**”) in accordance with the arrangements prescribed by the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). Our employees in Hong Kong and our Group are required to contribute 5% of the relevant employee’s monthly wage (up to a maximum contribution of HK\$1,500 by us for each employee in Hong Kong) on a monthly basis to the fund, respectively. The employees may contribute more than 5% into the fund. The assets of the MPF Scheme are held separately from those of our Group in an independently administered fund. The employer contributions vest fully with the employees when contributed into the MPF Scheme. Our contributions under the MPF Scheme are charged to the profit or loss account as they become payable in accordance with the rules of the MPF Scheme. The contributions paid by us for each of the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015 were approximately HK\$0.9 million, HK\$0.9 million, HK\$1.0 million and HK\$0.4 million, respectively.

Staff costs

The staff costs of our Group (including staff welfare expenses but excluding our Directors’ remunerations, which are set out in the paragraph headed “Directors’ and Senior Management’s Remuneration” above) for each of the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015 were approximately HK\$20.8 million, HK\$22.2 million, HK\$20.6 million and HK\$8.6 million, respectively.

SHARE OPTION SCHEME

We conditionally adopted the Share Option Scheme. The principal terms of the Share Option Scheme are summarised under the paragraph headed “D. Share Option Scheme” in Appendix IV to this prospectus.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See the paragraph headed “Business – Business strategies” in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that the net proceeds of the Share Offer which we will receive, assuming an Offer Price of HK\$1.23 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), will be approximately HK\$30.1 million, after deduction of the Joint Sponsors’ fees, underwriting fees and commissions, and estimated expenses payable by us in connection with the Share Offer.

We currently intend to use such net proceeds of the Share Offer as follows:

- approximately 43.2% or HK\$13.0 million for the acquisition of one set of six-colour offset printing machine;
- approximately 11.6% or HK\$3.5 million for the expansion of our sales and marketing team;
- approximately 24.3% or HK\$7.3 million for the research and development of the know-how of the application of heat transfer technology;
- approximately 8.3% or HK\$2.5 million for the continuous upgrading of our ERP system;
- approximately 10.6% or HK\$3.2 million for the expansion and/or upgrading of production facilities or development of potential projects through acquisition or cooperation. As at the Latest Practicable Date, our Group has not yet identified any target for acquisition or cooperation; and
- the remaining approximately 2.0% or HK\$0.6 million for working capital and general corporate purposes.

If the Offer Price is fixed at HK\$1.36 per Offer Share (being the high end of the Offer Price range stated in this prospectus), we will receive additional net proceeds of approximately HK\$5.8 million.

If the Offer Price is fixed at HK\$1.10 per Offer Share (being the low end of the Offer Price range stated in this prospectus), the net proceeds will be reduced by approximately HK\$5.8 million.

To the extent that the net proceeds of the Share Offer are either more or less than expected, we will adjust our allocation of the net proceeds for the above purposes on a pro-rata basis.

To the extent that the net proceeds of the Share Offer are not immediately used for the above purposes, we currently intend to deposit such net proceeds into short-term interest-bearing deposits and/or financial instruments.

UNDERWRITING

PUBLIC OFFER UNDERWRITERS

Prime Securities Limited

VC Brokerage Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer

Public Offer Underwriting Agreement

Under the Public Offer Underwriting Agreement, our Company is offering the Public Offer Shares for subscription by the public in Hong Kong on the terms and subject to the conditions of this prospectus and the Application Forms.

The Public Offer Underwriting Agreement is conditional upon and subject to, amongst others, the Placing Underwriting Agreement becoming unconditional and not having been terminated.

Subject to the Listing Committee granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and certain other conditions set out in the Public Offer Underwriting Agreement, the Public Offer Underwriters have agreed severally and not jointly to procure subscribers for, or themselves to subscribe for, their respective proportions of the Public Offer Shares which are being offered but are not taken up under the Public Offer.

Grounds for Termination

If, at any time prior to 8:00 a.m. on the Listing Date:

- (a) there shall develop, occur or come into force:
 - (i) any new law or regulation or any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction(s) relevant to our Company and our subsidiaries or any other similar event which in the sole and absolute opinion of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) has a material adverse effect on the existing and/or prospective business or financial conditions of our Group as a whole; or

UNDERWRITING

- (ii) any change (whether or not permanent) in Hong Kong and other countries or territories relevant to our Group's present business operation in relation to national, regional, financial, military, industrial or economic conditions, or the stock market, fiscal or political conditions, or regulatory or market conditions and matters and/or disasters which in the sole and absolute opinion of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) has a material adverse effect on the existing and/or prospective business or financial conditions of our Group as a whole; or
- (iii) without prejudice to sub-paragraph (i) or (ii) above, the imposition of any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange; or
- (iv) any event, or series of events, beyond the control of the Public Offer Underwriters (including, without limitation, acts of government, strikes, lockout, fire, explosion, flooding, civil commotion, acts of war or acts of God, accident, terrorism, outbreak of disease or epidemic (including but not limited to severe acute respiratory syndrome, H5N1, H1N1, avian influenza and such related or mutated forms)) affecting Hong Kong which in the sole and absolute opinion of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) would constitute a material adverse effect on the existing and/or prospective business or financial conditions of our Group as a whole; or
- (v) any change or development occurs involving a prospective change in taxation or in exchange control in Hong Kong, the British Virgin Islands, the Cayman Islands or any other countries or territories to which any member of our Group is subject or the implementation of any exchange controls which in the sole and absolute opinion of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) would or might adversely affect our Group as a whole in a material way; or
- (vi) save as disclosed in this prospectus, any litigation or claim against our Group which in the sole and absolute opinion of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) has a material adverse effect on the existing and/or prospective business or financial conditions of our Group as a whole; or
- (vii) a Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or
- (viii) a material contravention by any member of our Group of the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the SFO, or any of the Listing Rules; or
- (ix) a prohibition on our Company for whatever reason from allotting our Shares pursuant to the terms of the Share Offer; or

UNDERWRITING

- (x) a petition is presented or an order is made for the winding up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed overall or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any material member of our Group; or
- (xi) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for any countries or territories relevant to our Group's present operation which in the sole and absolute opinion of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) has a material adverse effect on the existing and/or prospective business or financial conditions of our Group as a whole; or
- (xii) any change or development involving a prospective change or development, or any event or series of events or results, likely to result in or represents any change or prospective change, or development involving a prospective change, in local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency or market conditions or any monetary or trading settlement system or matters and/or disaster (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States, imposition or declaration of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange, or a material devaluation of Hong Kong dollars or the Renminbi against any foreign currencies, or any moratorium on banking activities or disruption in commercial banking activities or foreign exchange or securities settlement or clearance services or procedures in or affecting Hong Kong or any other jurisdiction relevant to any member of our Group) in or affecting Hong Kong or any other relevant jurisdiction which may materially and adversely affect the operation of our Group;

and in the sole and absolute opinion of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters), has a material adverse effect on the Share Offer; or

- (b) there comes to the notice of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) any matter or event showing:
 - (i) any of the representations and warranties contained in the Public Offer Underwriting Agreement to be untrue or inaccurate or, if repeated immediately after the occurrence thereof, would be untrue or inaccurate in any respect considered by the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) in their sole and absolute opinion to be material or any of the obligations or undertakings expressed to be

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assumed by or imposed on the warrantors of the Public Offer Underwriting Agreement not to have been complied with in any respect considered by the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) in their sole and absolute opinion to be material in the overall context of the Share Offer; or

- (ii) any statement contained in this prospectus, the submissions, documents or information provided to the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters), the Stock Exchange, the legal adviser to the Joint Sponsors and the Underwriters and any other parties involved in the Share Offer which in the sole and absolute opinion of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) has become or been discovered to be untrue, incorrect, incomplete or misleading in any material respect; or
- (iii) matters have arisen or have been discovered which would, if this prospectus was to be issued at that time, constitute, in the sole and absolute opinion of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters), a material omission of such information; or
- (iv) there is any other adverse change in the business or in the financial or trading position of our Group which in the sole and absolute opinion of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) is material in the overall context of the Share Offer; or
- (v) there comes to the notice of the Joint Lead Managers any information, matter or event which in the sole and absolute opinion of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) would cast any serious doubt on the reputation of our Group and/or our Directors to the extent that any statements in this prospectus will be misleading or incorrect in a material way,

then the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) shall be entitled to terminate their obligations under the Public Offer Underwriting Agreement by giving notice in writing to our Company.

Undertakings to the Stock Exchange under the Listing Rules

Undertakings by our Company

In accordance with Rule 10.08 of the Listing Rules, our Company has irrevocably and unconditionally undertaken to the Stock Exchange that, except pursuant to the Share Offer, the Capitalisation Issue, or the grant of options or exercise of options to be granted under the Share Option Scheme, at any time during the period commencing on the date on which the Shares first commence dealing on the Stock Exchange and ending on the expiry of the six-month period after the Listing Date (the “**Period**”), our Company will not, without the prior approval of the Stock Exchange and unless in compliance with the requirements of the Listing Rules, allot or issue or agree to allot or issue any Shares or other securities

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convertible into equity securities of our Company (including warrants or other convertible securities), whether or not of a class already listed, or grant or agree to grant any options or rights over any Shares or other securities of our Company or enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequence of ownership of any Shares or offer to or agree to do any of the foregoing to have any intention to do so (whether or not such issue of Shares or securities will be completed within the Period).

Undertakings by our Controlling Shareholders

In accordance with Rule 10.07(1) of the Listing Rules, our Controlling Shareholders have irrevocably and unconditionally undertaken to our Company and the Stock Exchange that they shall not and shall procure that the relevant registered holder(s) shall not:

- (a) in the period commencing on the date of by reference (the “**Reference Date**”) to which disclosure of the shareholding of our Controlling Shareholders is made in this prospectus and ending on the date which is six months from the Listing Date (the “**Six-month Period**”), dispose of, nor enter into any agreement to dispose of, or otherwise create any options, rights, interests or encumbrances (save for using as security, including a pledge or a charge, in favour of an authorised institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan) in respect of, any of those securities of our Company in respect of which they are shown by this prospectus to be the beneficial owners (the “**Relevant Securities**”); and
- (b) in the period of six months commencing on the date on which the Six-month Period expires, dispose of, or enter into any agreement to dispose of, or otherwise create any options, rights, interests or encumbrances (save for using as security, including a pledge or a charge, in favour of an authorised institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan) in respect of the Relevant Securities if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, they would cease to be a controlling shareholder (as defined in the Listing Rules) of our Company.

In accordance with note 3 to rule 10.07(2) of the Listing Rules, our Controlling Shareholders have also irrevocably and unconditionally undertaken to our Company and the Stock Exchange that within the period commencing on the Reference Date and ending on the date which is 12 months from the Listing Date, they shall:

- (a) when any of them pledge or charge any securities of our Company beneficially owned by any of them in favour of an authorised institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan, immediately inform our Company in writing of such pledge or charge together with the number of securities so pledged or charged; and

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- (b) when any of them receive indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged securities of our Company will be disposed of, immediately inform our Company in writing of such indications.

Undertakings pursuant to the Public Offer Underwriting Agreement

Undertakings by our Company

Under the Public Offer Underwriting Agreement, our Company has undertaken to each of the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters that except pursuant to the Capitalisation Issue, the Share Offer, the options which may be granted under the Share Option Scheme or with the prior written consent of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) and unless in compliance with the requirements of the Listing Rules, our Company will not, at any time within the period commencing from the date of the Public Offer Underwriting Agreement up to and including the date which is six months from the Listing Date (the “**First Six-month Period**”), (a) offer, accept subscription for, pledge, issue, sell, lend, mortgage, assign, charge, contract to issue or sell, sell any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any such share capital or other securities of our Company or any interest therein (including, but not limited to, any securities that are convertible into or exchangeable for, or that represent the right to receive any such capital or securities or any interest therein); or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any such capital or securities or any interest therein; or (c) enter into any transaction with the same economic effect as any transaction described in (a) or (b) above; (d) agree or contract to, or publicly announce any intention to enter into, any transaction described in (a), (b) or (c) above; whether any such transaction described in (a), (b) or (c) above is to be settled by delivery of Shares or other securities, in cash or otherwise. Our Company further agrees that in the event that, at any time during the period of six months immediately following the expiry of the First Six-month Period (the “**Second Six-month Period**”), our Company enters into any of the transactions described in (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, we will take all reasonable steps to ensure that such transaction, offer, agreement or announcement will not create a disorderly or false market for the Shares or any other securities of our Company.

Undertakings by our Controlling Shareholders

Under the Public Offer Underwriting Agreement, each of our Controlling Shareholders has undertaken to each of our Company, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters that:

- (i) during the First Six-month Period, he or it shall not, and shall procure that the relevant registered holder(s) and his or its associates and companies controlled by him or it and any nominee or trustee holding in trust for him or it shall not, without the prior written consent of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) (a) offer, pledge, charge (other than

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any pledge or charge of our Company's issued share capital after the Share Offer in favour of an authorised institution as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan), sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any share capital or other securities of our Company or any interest therein (including, but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive, any such capital or securities or any interest therein); or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any such capital or securities or any interest therein; or (c) enter into any transaction with the same economic effect as any transaction described in (a) or (b) above; or (d) agree or contract to, or publicly announce any intention to enter into, any transaction described in (a), (b) or (c) above, whether any such transaction is to be settled by delivery of such capital or securities, in cash or otherwise;

- (ii) during the Second Six-month Period, he or it will not enter into any of the transactions specified in (i)(a), (b) or (c) above or agree or contract to or publicly announce any intention to enter into any such transaction if, immediately following such transfer or disposal, he or it will cease to be a controlling shareholder (as defined in the Listing Rules) of our Company; and
- (iii) until the expiry of the Second Six-month Period, in the event that he or it enters into any such transactions or agrees or contracts to, or publicly announces any intention to enter into any such transactions, he or it will take all reasonable steps to ensure that he or it will not create a disorderly or false market in the securities of our Company.

Under the Public Offer Underwriting Agreement, each of our Controlling Shareholders has further undertaken to each of our Company, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters that, from the date of the Public Offer Underwriting Agreement up to and including the expiry of the Second Six-month Period, it will:

- (i) when he or it pledges or charges any securities or interests in the securities of our Company, immediately inform our Company and the Joint Lead Managers in writing of such pledge or charge together with the number of securities and nature of interest so pledged or charged; and
- (ii) if and when he or it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of our Company will be sold, transferred or disposed of, immediately inform our Company and the Joint Lead Managers in writing of such indications.

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Our Company will inform the Stock Exchange in writing as soon as it has been informed of any of the matters referred to above (if any) by any of our Controlling Shareholders and disclose such matters by way of a press announcement to be published in accordance with Rule 2.07C of the Listing Rules as soon as possible.

Public Offer Underwriters' interests in our Company

Save as disclosed in this prospectus and save for their interests and obligations under the Public Offer Underwriting Agreement, none of the Public Offer Underwriters is interested beneficially or otherwise in any shares in any member of our Group or has any right (whether legally enforceable or not) or option to subscribe for, or to nominate persons to subscribe for, any shares in any member of our Group.

Placing

In connection with the Placing, it is expected that our Company will enter into the Placing Underwriting Agreement with, among others, the Placing Underwriters. Under the Placing Underwriting Agreement, the Placing Underwriters would, subject to certain conditions set out therein, agree to subscribe for or purchase the Placing Shares being offered pursuant to the Placing or procure subscribers to subscribe for such Placing Shares.

Commission

The Public Offer Underwriters will receive a commission of 2.5% of the aggregate Offer Price of the Public Offer Shares, out of which they will pay any sub-underwriting commission. In addition, the Joint Sponsors will receive a sponsorship and documentation fee in relation to the Share Offer. The underwriting commission and documentation fees, listing fees, the Stock Exchange trading fee, the SFC transaction levy, legal and other professional fees together with printing and other expenses relating to the Share Offer, assuming an Offer Price of approximately HK\$1.23 per Offer Share (being the mid-point of the indicative Offer Price range of HK\$1.10 and HK\$1.36), are estimated to amount to approximately HK\$26.5 million in total.

Indemnity

Our Company and our Controlling Shareholders have agreed to indemnify the Public Offer Underwriters against certain losses which they may suffer, including but not limited to losses arising from the performance of their obligations under the Public Offer Underwriting Agreement and any breach by us of the Public Offer Underwriting Agreement.

Joint Sponsors' independence

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

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THE SHARE OFFER

This prospectus is published in connection with the Public Offer as part of the Share Offer. The Share Offer comprises:

- (i) the Public Offer of an aggregate of 4,600,000 Offer Shares (subject to adjustment as mentioned below) for subscription by the public in Hong Kong as described in the section headed “Structure of the Share Offer – The Public Offer” below; and
- (ii) the Placing of an aggregate of 41,400,000 Placing Shares (subject to adjustment as mentioned below) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S.

Investors may apply for Offer Shares under the Public Offer or apply for or indicate an interest for Placing Shares under the Placing, but may not do both.

The Offer Shares will represent approximately 25% of the enlarged issued share capital of our Company immediately after completion of the Share Offer and the Capitalisation Issue.

THE PUBLIC OFFER

Number of Shares Initially Offered

We are initially offering 4,600,000 Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Offer Shares available under the Share Offer. Subject to the reallocation of Offer Shares between the Placing and the Public Offer, the Public Offer Shares initially offered under the Public Offer will represent 2.5% of the enlarged share capital of our Company immediately following the completion of the Share Offer (without taking into account any Shares that may be allotted and issued pursuant to the exercise of any options under the Share Option Scheme).

The Public Offer is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Public Offer is subject to the conditions set out in the section headed “Conditions of the Share Offer” below.

Allocation

Allocation of Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some

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applicants may receive a higher allocation than others who have applied for the same number of Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

Reallocation

The allocation of Offer Shares between the Public Offer and the Placing is subject to adjustment. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Offer Shares under the Public Offer to a certain percentage of the total number of Offer Shares offered under the Share Offer if certain prescribed total demand levels are reached as further described below:

- if the number of Offer Shares validly applied for under the Public Offer represents less than 15 times the number of Offer Shares initially available for subscription under the Public Offer, then no Offer Shares will be reallocated to the Public Offer from the Placing, so that the total number of Offer Shares available under the Public Offer will be 4,600,000 Offer Shares, representing 10% of the Offer Shares initially available under the Share Offer;
- if the number of Offer Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times the number of Offer Shares initially available for subscription under the Public Offer, then Offer Shares will be reallocated to the Public Offer from the Placing so that the total number of Offer Shares available under the Public Offer will be 13,800,000 Offer Shares, representing 30% of the Offer Shares initially available under the Share Offer;
- if the number of Offer Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times the number of Offer Shares initially available for subscription under the Public Offer, then the number of Offer Shares to be reallocated to the Public Offer from the Placing will be increased so that the total number of Offer Shares available under the Public Offer will be 18,400,000 Offer Shares, representing 40% of the Offer Shares initially available under the Share Offer; and
- if the number of Offer Shares validly applied for under the Public Offer represents 100 times or more the number of Offer Shares initially available for subscription under the Public Offer, then the number of Offer Shares to be reallocated to the Public Offer from the Placing will be increased so that the total number of Offer Shares available under the Public Offer will be 23,000,000 Offer Shares, representing 50% of the Offer Shares initially available under the Share Offer.

In each case, the number of Offer Shares allocated to the Placing will be correspondingly reduced in such manner as the Joint Lead Managers deem appropriate. In addition, the Joint Lead Managers may reallocate Offer Shares from the Placing to the Public Offer to satisfy valid applications under the Public Offer.

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If the Public Offer is not fully subscribed, the Joint Lead Managers have the authority to reallocate all or any unsubscribed Public Offer Shares to the Placing in such proportions as the Joint Lead Managers deem appropriate. If the Placing is not fully subscribed, the Joint Lead Managers, may decide in their absolute discretion to reallocate Offer Shares from the Placing to the Public Offer.

Applications

Each applicant under the Public Offer will be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Placing Shares under the Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or he has been or will be placed or allocated Placing Shares under the Placing.

Applicants under the Public Offer are required to pay, on application, the maximum Offer Price of HK\$1.36 per Offer Share plus brokerage, SFC transaction levy and Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the section headed "Pricing and allocation" below, is less than the maximum price of HK\$1.36 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out in the section headed "How to Apply for Public Offer Shares" in this prospectus.

THE PLACING

Number of Offer Shares Offered

The Placing will consist of an initial offering of 41,400,000 Offer Shares, representing 90% of the total number of Offer Shares available under the Share Offer.

Allocation

The Placing will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of the Offer Shares pursuant to the Placing will be effected in accordance with the "book-building" process described in the section headed "Pricing and allocation" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell its Shares, after the listing of the Shares on the Stock Exchange. Such allocation is intended to

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result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and the Shareholders as a whole.

The Joint Lead Managers (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the Placing, and who has made an application under the Public Offer, to provide sufficient information to the Joint Lead Managers so as to allow it to identify the relevant applications under the Public Offer and to ensure that they are excluded from any allocation of Offer Shares under the Public Offer.

Reallocation

The total number of Offer Shares to be issued pursuant to the Placing may change as a result of the clawback arrangement described in the section headed “The Public Offer – Reallocation” above and/or any reallocation of unsubscribed Offer Shares originally included in the Public Offer.

PRICING AND ALLOCATION

The Placing Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the Placing. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or about, the last day for lodging applications under the Public Offer.

The Offer Price is expected to be fixed by the Price Determination Agreement to be entered into between our Company and the Joint Lead Managers (on behalf of the Underwriters) on the Price Determination Date, which is expected to be on or about Monday, 9 May 2016, but in any event, not later than Tuesday, 10 May 2016.

The Offer Price will not be more than HK\$1.36 per Offer Share and is expected to be not less than HK\$1.10 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Public Offer. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the Offer Price range stated in this prospectus.

The Joint Lead Managers (on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with our consent, reduce the Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Public Offer. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Public Offer, cause to be published in China Daily HK Edition (in English) and Hong Kong Economic Journal (in Chinese) and on our website (www.hangsangpress.com) and the website of the Stock Exchange (www.hkexnews.hk) notices of the reduction. Upon the issue of such a notice, the

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revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by our Company and the Joint Lead Managers (on behalf of the Underwriters), will be fixed within such revised Offer Price range. Applicants should have regard to the possibility that any announcement of the reduction in the Offer Price range may not be made until the last day for lodging applications under the Public Offer. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Share Offer statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the Offer Price, if agreed upon between our Company and the Joint Lead Managers (on behalf of the Underwriters), will under no circumstances be set outside the Offer Price range stated in this prospectus. However, if the Offer Price range is reduced, applicants under the Public Offer will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedures to be notified, all unconfirmed applications will be deemed revoked.

The final Offer Price, the level of indications of interest in the Placing, the level of applications in the Public Offer and the basis of and results of allocations of Offer Shares under the Public Offer are expected to be announced on Tuesday, 17 May 2016 in China Daily HK Edition (in English) and Hong Kong Economic Journal (in Chinese) and on our website (www.hangsangpress.com) and the website of the Stock Exchange (www.hkexnews.hk).

UNDERWRITING AGREEMENTS

The Public Offer is fully underwritten by the Public Offer Underwriters on the terms and subject to the conditions of the Public Offer Underwriting Agreement and is subject to our Company and the Joint Lead Managers (on behalf of the Underwriters) agreeing the Offer Price.

We expect to enter into the Placing Underwriting Agreement relating to the Placing on or about the Price Determination Date.

The underwriting arrangements under the Public Offer Underwriting Agreement and the Placing Underwriting Agreement are summarised in the section headed “Underwriting” in this prospectus.

CONDITIONS OF THE SHARE OFFER

Acceptance of all applications for Offer Shares will be conditional on:

- (a) the Listing Committee granting listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalisation Issue and the Share Offer and the Shares which may be issued upon the exercise of the options which may be granted under the Share Option Scheme and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

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- (b) the Offer Price having been agreed between our Company and the Joint Lead Managers (on behalf of the Underwriters) on the Price Determination Date;
- (c) the execution and delivery of the Placing Underwriting Agreement on or about the Price Determination Date; and
- (d) the obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement and the obligations of the Placing Underwriters under the Placing Underwriting Agreement becoming unconditional and not having been terminated in accordance with the terms of the respective agreements, in each case on or before the dates and times specified in the Public Offer Underwriting Agreement or the Placing Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times).

If, for any reason, the Offer Price is not agreed between our Company and the Joint Lead Managers (on behalf of the Underwriters) on or before Tuesday, 10 May 2016, the Share Offer will not proceed and will lapse.

The consummation of each of the Public Offer and the Placing is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Public Offer will be published by our Company in China Daily HK Edition (in English) and Hong Kong Economic Journal (in Chinese) and on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.hangsangpress.com on the next day following such lapse. In such situation, all application monies will be returned, without interest, on the terms set out in the section headed “How to Apply for Public Offer Shares” in this prospectus. In the meantime, all application monies will be held in (a) separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates issued in respect of the Public Offer Shares will only become valid at 8:00 a.m. on the Listing Date provided that the Share Offer has become unconditional in all respects (including the Underwriting Agreements not having been terminated in accordance with their terms at any time prior to 8:00 a.m. on the Listing Date).

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalisation Issue and the Share Offer and the Shares which may be issued upon the exercise of the options which may be granted under the Share Option Scheme.

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No part of our Company's share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to deal is being or proposed to be sought in the near future.

SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made to enable the Shares to be admitted into CCASS. If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

DEALING ARRANGEMENTS

Assuming that the Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, 18 May 2016, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Wednesday, 18 May 2016.

The Shares will be traded in board lots of 2,000 Shares each. The stock code of the Shares is 3626.

HOW TO APPLY FOR PUBLIC OFFER SHARES

A. APPLICATIONS FOR PUBLIC OFFER SHARES

1. HOW TO APPLY

If you apply for Public Offer Shares, then you may not apply for or indicate an interest for Placing Shares.

To apply for Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company and the Joint Lead Managers may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY FOR PUBLIC OFFER SHARES

You can apply for Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a U.S. person (as defined in Regulation S); and
- are not a legal or natural person of the PRC.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Lead Managers may accept it at their discretion, and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four for the Public Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Public Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any of our subsidiaries;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- a Director or chief executive officer of our Company and/or any of our subsidiaries;
- an associate (as defined in the Listing Rules) of any of the above;
- a connected person (as defined in the Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Share Offer; and
- have been allocated or have applied for any Placing Shares or otherwise participate in the Placing.

3. APPLYING FOR PUBLIC OFFER SHARES

Which Application Channel to Use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours between 9:00 a.m. to 1:00 p.m. on Saturday, 30 April 2016, between 9:00 a.m. to 5:00 p.m. from Tuesday, 3 May 2016 to Thursday, 5 May 2016, and between 9:00 a.m. to 12:00 noon on Friday, 6 May 2016 from:

- (1) any of the following addresses of the Public Offer Underwriters:

VC Brokerage Limited

28/F, The Centrium
60 Wyndham Street
Central, Hong Kong

Prime Securities Limited

Room 1601-2, 16/F
Kai Tak Commercial Building
317 – 319 Des Voeux Road Central
Hong Kong

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- (2) any of the following branches of Standard Chartered Bank (Hong Kong) Limited:

District	Branch Name	Address
Hong Kong Island	Des Voeux Road Branch	Standard Chartered Bank Building, 4-4A, Des Voeux Road Central, Central
	Causeway Bay Branch	G/F to 2/F, Yee Wah Mansion, 38-40A Yee Wo Street, Causeway Bay
Kowloon	Telford Gardens Branch	Shop P9-12, Telford Centre Telford Gardens, Tai Yip Street, Kwun Tong
	Mei Foo Stage I Branch	G/F, 1C Broadway Mei Foo Sun Chuen Stage I Lai Chi Kok
New Territories	Tseung Kwan O Branch	Shop G37-40, G/F, Hau Tak Shopping Centre East Wing, Hau Tak Estate Tseung Kwan O
	Shatin Plaza Branch	Shop No. 8, Shatin Plaza 21-27 Shatin Centre Street Shatin

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. until 1:00 p.m. on Saturday, 30 April 2016 and during normal business hours from 9:00 a.m. on Tuesday, 3 May 2016 until 12:00 noon on Friday, 6 May 2016 from:

- the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong; or
- your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "Horsford Nominees Limited – Hang Sang (Siu Po) Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

Saturday, 30 April 2016 – 9:00 a.m. to 1:00 p.m.

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Tuesday, 3 May 2016 – 9:00 a.m. to 5:00 p.m.

Wednesday, 4 May 2016 – 9:00 a.m. to 5:00 p.m.

Thursday, 5 May 2016 – 9:00 a.m. to 5:00 p.m.

Friday, 6 May 2016 – 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, 6 May 2016, the last application day or such later time as described in the section headed “E. Effect of Bad Weather on the Opening of the Application Lists” in this section.

4. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Public Offer Shares and to arrange payment of the monies due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a **CCASS Investor Participant**, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
1/F, One & Two Exchange Square
8 Connaught Place
Central, Hong Kong

and complete an input request form.

You can also collect a prospectus from the above address.

If you are not a **CCASS Investor Participant**, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Joint Lead Managers and our Hong Kong Share Registrar.

HOW TO APPLY FOR PUBLIC OFFER SHARES

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given electronic application instructions to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - agree that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Public Offer Shares applied for or any lesser number allocated;
 - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing;
 - (if the electronic application instructions are given for your benefit) declare that only one set of electronic application instructions has been given for your benefit;
 - (if you are an agent for another person) declare that you have only given one set of electronic application instructions for the other person's benefit and are duly authorised to give those instructions as their agent;
 - confirm that you understand that our Company, the Directors and the Joint Lead Managers will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;
 - authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Public Offer Shares allocated to you and to send Share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
 - confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of our Company, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to our Company, our Hong Kong Share Registrar, the receiving bank, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or its respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your electronic application instructions can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Public Offer results;

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- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for giving electronic application instructions to apply for Public Offer Shares;
- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving electronic application instructions) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 2,000 Public Offer Shares. Instructions for more than

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2,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input electronic application instructions at the following times on the following dates:

Saturday, 30 April 2016 – 9:00 a.m. to 1:00 p.m.⁽¹⁾

Tuesday, 3 May 2016 – 8:00 a.m. to 8:30 p.m.⁽¹⁾

Wednesday, 4 May 2016 – 8:00 a.m. to 8:30 p.m.⁽¹⁾

Thursday, 5 May 2016 – 8:00 a.m. to 8:30 p.m.⁽¹⁾

Friday, 6 May 2016 – 8:00 a.m.⁽¹⁾ to 12:00 noon

Note:

- (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input electronic application instructions from 9:00 a.m. on Saturday, 30 April 2016 until 12:00 noon on Friday, 6 May 2016 (24 hours daily, except on the last application day).

The latest time for inputting your electronic application instructions will be 12:00 noon on Friday, 6 May 2016 the last application day or such later time as described in the section headed “E. Effect of Bad Weather on the Opening of the Application Lists” in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

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Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, the Hong Kong Share Registrar, the receiving bank, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

5. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked “For nominees” you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC is made for your benefit (including the part of the application made by HKSCC Nominees acting on electronic application instructions). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

“**Unlisted company**” means a company with no equity securities listed on the Stock Exchange.

“**Statutory control**” means you:

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- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

B. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form, among other things, you:

- (i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Joint Lead Managers (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Share Offer in this prospectus;
- (vi) agree that none of our Company, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing nor participated in the Placing;

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- (viii) agree to disclose to our Company, our Hong Kong Share Registrar, the receiving bank, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and our Company and/or our agents to send any Share certificate(s) and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have fulfilled the criteria mentioned in "Personal Collection" section in this prospectus to collect the Share certificate(s) and/or refund cheque(s) in person;
- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that our Company and the Joint Lead Managers will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;

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(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC; and (ii) you have due authority to sign the Application Form or give electronic application instructions on behalf of that other person as their agent.

Additional Instructions for YELLOW Application Forms

You may refer to the **YELLOW** Application Form for details.

C. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, the Directors, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of electronic application instructions, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for electronic application instructions before 12:00 noon, Friday, 6 May 2016.

D. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form in respect of a minimum of 2,000 Public Offer Shares. Each application or electronic application instruction in respect of more than 2,000 Public Offer Shares must be in one of the numbers set out in the table in the **WHITE** or **YELLOW** Application Form.

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If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed “Structure of the Share Offer – Pricing and allocation” in this prospectus.

E. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 6 May 2016. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, 6 May 2016 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed “Expected Timetable” in this prospectus, an announcement will be made in such event.

F. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares on Tuesday, 17 May 2016 in China Daily HK Edition (in English), Hong Kong Economic Journal (in Chinese) and on our website at **www.hangsangpress.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our website at **www.hangsangpress.com** and the Stock Exchange’s website at **www.hkexnews.hk** by no later than 8:00 a.m. on Tuesday, 17 May 2016;
- from the designated results of allocations website at **www.iporeresults.com.hk** with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Tuesday, 17 May 2016 to 12:00 midnight on Monday, 23 May 2016;

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- by telephone enquiry line by calling 2862 8669 between 9:00 a.m. and 10:00 p.m. from Tuesday, 17 May 2016 to Friday, 20 May 2016;
- in the special allocation results booklets which will be available for inspection during opening hours from Tuesday, 17 May 2016 to Thursday, 19 May 2016 at the receiving bank designated branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Further details are contained in the section headed “Structure of the Share Offer” in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

G. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED PUBLIC OFFER SHARES

You should note the following situations in which the Public Offer Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person’s responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

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If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Joint Lead Managers and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Public Offer Shares is void:

The allotment of Public Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications as described in the section headed “A. Applications for Public Offer Shares – 5. How many applications can you make” above;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Public Offer Shares and Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your payment is not made correctly or the cheque or banker’s cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Joint Lead Managers believe(s) that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or

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- your application is for more than 100% of the Public Offer Shares initially offered under the Public Offer.

H. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK\$1.36 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Public Offer are not fulfilled in accordance with the section headed “Structure of the Share Offer – Conditions of the Share Offer” in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker’s cashier order will not be cleared.

Any refund of your application monies will be made on Tuesday, 17 May 2016.

I. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one Share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application.

If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- Share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Forms, Share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card

HOW TO APPLY FOR PUBLIC OFFER SHARES

number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of Share certificates and refund monies as mentioned below, any refund cheques and Share certificates are expected to be posted on Tuesday, 17 May 2016. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Wednesday, 18 May 2016 provided that the Share Offer has become unconditional and the right of termination described in the section headed "Underwriting" in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or Share certificate(s) from the Hong Kong Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, 17 May 2016 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your refund cheque(s) and/or Share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) and/or Share certificate(s) will be sent to the address on the relevant Application Form on Tuesday, 17 May 2016, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Tuesday, 17 May 2016, by ordinary post and at your own risk.

HOW TO APPLY FOR PUBLIC OFFER SHARES

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Tuesday, 17 May 2016, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- **If you apply through a designated CCASS participant (other than a CCASS investor participant)**

For Public Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS participant.

- **If you are applying as a CCASS investor participant**

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in the section headed "F. Publication of Results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, 17 May 2016 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply via Electronic Application Instructions to HKSCC

Allocation of Public Offer Shares

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives electronic application instructions or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Tuesday, 17 May 2016, or, on any other date determined by HKSCC or HKSCC Nominees.
- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the manner specified in the section headed "F. Publication of Results" above on Tuesday,

HOW TO APPLY FOR PUBLIC OFFER SHARES

17 May 2016. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, 17 May 2016 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give electronic application instructions on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Tuesday, 17 May 2016. Immediately following the credit of the Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Tuesday, 17 May 2016.

J. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report, prepared for the inclusion in this prospectus, received from the reporting accountants of our Company, Grant Thornton Hong Kong Limited, Certified Public Accountants, Hong Kong.

**Grant Thornton**

致同

30 April 2016

The Directors

Hang Sang (Siu Po) International Holding Company Limited

VC Capital Limited

Gram Capital Limited

Dear Sirs,

We set out below our report on the financial information of Hang Sang (Siu Po) International Holding Company Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”), which comprises the combined statements of financial position of the Group as at 30 June 2013, 2014, 2015 and 31 October 2015 and the statement of financial position of the Company as at 31 October 2015, and the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group for each of the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015 (the “Track Record Periods”), together with explanatory notes thereto (the “Financial Information”), for inclusion in the prospectus of the Company dated 30 April 2016 (the “Prospectus”) in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company was incorporated in the Cayman Islands on 8 October 2015 as an exempted company with limited liability under the Companies Law (2013 Revision), Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to a group reorganisation (the “Group Reorganisation”) as more fully explained in the section headed “History, Development and Reorganisation” in the Prospectus, which was completed on 13 November 2015, the Company has become the holding company of the companies now comprising the Group. The Company has not carried on any business since the date of its incorporation save for the aforementioned Group Reorganisation.

As at the date of this report, no audited financial statements have been prepared for the Company as it is not subject to statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

All companies now comprising the Group have adopted 30 June as their financial year end date. Details of the companies comprising the Group during the Track Record Periods and the names of their respective statutory auditors, if applicable, are set out in Note 1.1 of Section II below.

The directors of the Company have prepared the combined financial statements of the Group for the Track Record Periods (collectively referred to as the “Underlying Financial Statements”) in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). We have audited the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing (the “HKSAs”) issued by the HKICPA.

The Financial Information has been prepared by the directors of the Company for inclusion in the Prospectus in connection with the listing of shares of the Company on the Stock Exchange based on the Underlying Financial Statements, with no adjustments made thereon, and in accordance with the disclosure requirements of applicable Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with HKFRSs issued by the HKICPA and the applicable disclosure provisions of the Listing Rules, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to form an opinion on the Financial Information based on our procedures performed in accordance with Auditing Guideline “Prospectuses and the Reporting Accountant” (statement 3.340) issued by the HKICPA. We have not audited any financial statements of the Company, its subsidiaries or the Group in respect of any period subsequent to 31 October 2015.

OPINION

In our opinion, the Financial Information gives, for the purpose of this report, and on the basis of presentation set out in Note 1.2 of Section II below, a true and fair view of the financial position of the Group as at 30 June 2013, 2014, 2015 and 31 October 2015 and of the financial position of the Company as at 31 October 2015 and of the combined financial performance and cash flows of the Group for the Track Record Periods then ended.

REVIEW OF INTERIM COMPARATIVE INFORMATION

For the purpose of this report, we have also reviewed the unaudited interim comparative financial information of the Group, which comprises the combined statement of profit or loss and other comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the four months ended 31 October 2014, together with the notes thereon (the “Interim Comparative Information”), for which the directors of the Company are responsible, 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.

The directors of the Company are responsible for the preparation of the Interim Comparative Information in accordance with the same basis adopted in respect of the Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Information based on our review.

Our review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Interim Comparative Information.

Based on our review, for the purpose of this report, nothing has come to our attention that causes us to believe that the Interim Comparative Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

I. FINANCIAL INFORMATION

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Note</i>	Year ended 30 June			Four months ended 31 October	
		2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
					<i>(Unaudited)</i>	
Revenue	6	119,568	126,275	133,097	44,991	44,371
Cost of sales		<u>(71,863)</u>	<u>(72,307)</u>	<u>(76,251)</u>	<u>(25,712)</u>	<u>(23,356)</u>
Gross profit		47,705	53,968	56,846	19,279	21,015
Other income	7	1,512	927	1,245	498	467
Selling expenses		(9,305)	(11,283)	(10,856)	(3,482)	(2,750)
Administrative expenses		<u>(16,221)</u>	<u>(15,724)</u>	<u>(14,335)</u>	<u>(4,843)</u>	<u>(12,062)</u>
Profit before income tax	8	23,691	27,888	32,900	11,452	6,670
Income tax expense	11	<u>(3,897)</u>	<u>(4,594)</u>	<u>(5,428)</u>	<u>(1,896)</u>	<u>(2,216)</u>
Profit and total comprehensive income for the year/period		<u>19,794</u>	<u>23,294</u>	<u>27,472</u>	<u>9,556</u>	<u>4,454</u>
Earnings per share						
– basic and diluted	13	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

The accompanying notes form part of the Financial Information. Details of dividends payable to equity owners of the Company attributable to the profit for the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2014 (unaudited) and 2015 are set out in Note 12.

COMBINED STATEMENTS OF FINANCIAL POSITION

		As at 30 June		As at 31 October	
	<i>Note</i>	2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	14	<u>2,595</u>	<u>14,376</u>	<u>12,051</u>	<u>11,239</u>
Current assets					
Inventories	15	2,627	3,219	3,271	4,686
Trade and other receivables	16	19,788	15,163	14,532	20,662
Amount due from a director	20(i)	–	–	10,123	3,716
Amount due from a related company	17	21	19	–	–
Amount due from the ultimate holding company	17	–	–	–	28
Cash and cash equivalents	18	<u>31,802</u>	<u>33,841</u>	<u>37,819</u>	<u>35,515</u>
		<u>54,238</u>	<u>52,242</u>	<u>65,745</u>	<u>64,607</u>
Current liabilities					
Trade and other payables	19	15,572	14,078	13,349	13,992
Amounts due to directors	20(ii)	16,944	27,638	10,276	32,832
Current tax liabilities		<u>3,384</u>	<u>1,850</u>	<u>3,994</u>	<u>4,503</u>
		<u>35,900</u>	<u>43,566</u>	<u>27,619</u>	<u>51,327</u>
Net current assets		<u>18,338</u>	<u>8,676</u>	<u>38,126</u>	<u>13,280</u>
Total assets less current liabilities		<u>20,933</u>	<u>23,052</u>	<u>50,177</u>	<u>24,519</u>
Non-current liabilities					
Deferred tax liabilities	21	<u>229</u>	<u>2,054</u>	<u>1,707</u>	<u>1,595</u>
Net assets		<u>20,704</u>	<u>20,998</u>	<u>48,470</u>	<u>22,924</u>
EQUITY					
Share capital	22(a)	–	–	–	–
Reserves		<u>20,704</u>	<u>20,998</u>	<u>48,470</u>	<u>22,924</u>
Total equity		<u>20,704</u>	<u>20,998</u>	<u>48,470</u>	<u>22,924</u>

The accompanying notes form part of the Financial Information.

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

		As at
		31 October
	<i>Note</i>	2015
		<i>HK\$'000</i>
ASSETS AND LIABILITIES		
Non-current asset		
Investment in a subsidiary		—
		<u>—</u>
		<u>—</u>
Current liabilities		
Amount due to a subsidiary	(a)	43
		<u>43</u>
		<u>43</u>
Net liabilities		<u>(43)</u>
EQUITY		
Share capital	22(a)	—
Accumulated losses		<u>(43)</u>
Capital deficiencies		<u>(43)</u>

(a) The amount is unsecured, non-interest bearing and repayable on demand.

The accompanying notes form part of the Financial Information.

COMBINED STATEMENTS OF CHANGES IN EQUITY

	<u>Equity attributable to equity owners of the Company</u>			
	Share capital	Capital reserve	Retained earnings	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Note 22(a))</i>	<i>(Note 22(b))</i>		
At 1 July 2012	–	400	18,510	18,910
Profit and total comprehensive income for the year	–	–	19,794	19,794
Dividends (<i>Note 12</i>)	–	–	(18,000)	(18,000)
At 30 June 2013 and 1 July 2013	–	400	20,304	20,704
Profit and total comprehensive income for the year	–	–	23,294	23,294
Dividends (<i>Note 12</i>)	–	–	(23,000)	(23,000)
At 30 June 2014 and 1 July 2014	–	400	20,598	20,998
Profit and total comprehensive income for the year	–	–	27,472	27,472
At 30 June 2015 and 1 July 2015	–	400	48,070	48,470
Profit and total comprehensive income for the period	–	–	4,454	4,454
Dividends (<i>Note 12</i>)	–	–	(30,000)	(30,000)
At 31 October 2015	<u>–</u>	<u>400</u>	<u>22,524</u>	<u>22,924</u>
At 1 July 2014	–	400	20,598	20,998
Profit and total comprehensive income for the period (unaudited)	–	–	9,556	9,556
At 31 October 2014 (unaudited)	<u>–</u>	<u>400</u>	<u>30,154</u>	<u>30,554</u>

The accompanying notes form part of the Financial Information.

COMBINED STATEMENTS OF CASH FLOWS

		Year ended 30 June			Four months ended 31 October	
		2013	2014	2015	2014	2015
	Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)				
Cash flows from operating activities						
Profit before income tax		23,691	27,888	32,900	11,452	6,670
Adjustments for:						
Gain on disposal of property, plant and equipment	8(b)	(201)	—	—	—	—
Gain on disposal of financial assets at fair value through profit or loss		(87)	—	—	—	—
Depreciation	8(b)	1,497	2,946	2,732	882	812
Interest income	7	(107)	(2)	(2)	—	—
Write-down of inventories	15	175	687	558	40	158
Impairment loss on trade and other receivables	8(b)	425	288	—	—	164
Operating profit before working capital changes		25,393	31,807	36,188	12,374	7,804
Increase in inventories		(83)	(1,279)	(610)	(1,621)	(1,573)
(Increase)/decrease in trade and other receivables		(5,853)	4,337	631	(4,333)	(6,294)
(Increase)/decrease in amount due from a related company		(4)	2	19	(8)	—
Increase in amount due from the ultimate holding company		—	—	—	—	(28)
Increase/(decrease) in trade and other payables		4,604	(1,494)	(729)	4,575	643
Cash generated from operations		24,057	33,373	35,499	10,987	552
Hong Kong Profits Tax paid		(3,838)	(4,303)	(3,631)	(3,630)	(1,819)
Net cash flows from/(used in) operating activities		20,219	29,070	31,868	7,357	(1,267)

APPENDIX I
ACCOUNTANTS' REPORT

		Year ended 30 June			Four months ended 31 October	
		2013	2014	2015	2014	2015
<i>Note</i>		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>(Unaudited)</i>						
Cash flows from investing activities						
Purchase of property, plant and equipment	14	(2,661)	(14,727)	(407)	(6)	–
Proceeds from disposal of property, plant and equipment		239	–	–	–	–
Investments in financial assets at fair value through profit or loss		(5,161)	–	–	–	–
Proceeds from disposal of financial assets at fair value through profit or loss		5,248	–	–	–	–
Interest received	7	107	2	2	–	–
Net cash flows used in investing activities		(2,228)	(14,725)	(405)	(6)	–
Cash flows from financing activities						
Decrease in net advance from directors		(18,118)	(12,306)	(27,485)	(12,304)	(1,037)
Net cash flows used in financing activities		(18,118)	(12,306)	(27,485)	(12,304)	(1,037)
Net (decrease)/increase in cash and cash equivalents		(127)	2,039	3,978	(4,953)	(2,304)
Cash and cash equivalents at the beginning of the year/period		31,929	31,802	33,841	33,841	37,819
Cash and cash equivalents at the end of the year/period	18	31,802	33,841	37,819	28,888	35,515

The accompanying notes form part of the Financial Information.

II. NOTES TO THE COMBINED FINANCIAL INFORMATION

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

1.1 General information

Hang Sang (Siu Po) International Holding Company Limited (the “Company”) was incorporated in the Cayman Islands on 8 October 2015 as an exempted company with limited liability. Its parent and ultimate holding company is HSSP Limited, a company incorporated in the British Virgin Islands (the “BVI”) and directly owned as to 62% by Mr Fung Man Wai Samson (“Mr Samson Fung”) and as to 38% by Mr Fung Man Kam (“Mr David Fung”) (collectively the “Controlling Shareholders”). Mr David Fung is the younger brother of Mr Samson Fung.

The addresses of the registered office and the principal place of business of the Company are set out in the section headed “Corporate Information” of the Prospectus. The Company is an investment holding company. The Company and its subsidiaries (collectively the “Group”) is principally engaged in manufacturing and sale of apparel labels and packaging printing products.

The Financial Information is presented in thousands of Hong Kong dollars (“HK\$’000”), which is the same as the functional currency of the Company and its subsidiaries, unless otherwise stated.

As at the date of this report, the particulars of the subsidiaries in which the Company has direct or indirect interests are set out as follows:

Name of company	Place and date of incorporation and operations	Issued and fully paid up capital	Effective equity interests attributable to the Group				At the date of this report	Principal activities	Note
			As at 30 June			As at 31 October 2015			
			2013	2014	2015				
Directly held									
Hang Sang (Siu Po) Holding Limited	The BVI 8 October 2015	HK\$10	N/A	N/A	N/A	100%	100%	Investment holding	(a)
Indirectly held									
Hang Sang (Siu Po) Press Company Limited (“Hang Sang (Siu Po)”)	Hong Kong 12 November 1999	HK\$100,000	100%	100%	100%	100%	100%	Manufacturing and sale of apparel labels and packaging printing products	(b)
A W Printing & Packaging Limited (“A W Printing”)	Hong Kong 29 November 1994	HK\$300,000	100%	100%	100%	100%	100%	Manufacturing and sale of apparel labels and packaging printing products	(b)

Note:

- (a) No audited financial statements were issued as it is newly incorporated and not required to issue audited financial statements under the statutory requirements of its place of incorporation.
- (b) The statutory financial statements of Hang Sang (Siu Po) and A W Printing for the years ended 30 June 2013 and 2014 were prepared in accordance with the Small and Medium-sized Entity – Financial Reporting Standard (“SME-FRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and were audited by Sonia Yau & Co. Certified Public Accountants, certified public accountants registered in Hong Kong. The statutory financial statements for the year ended 30 June 2015 were prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by HKICPA and were audited by Grant Thornton Hong Kong Limited, certified public accountants registered in Hong Kong.

1.2 Basis of presentation

Pursuant to the Group Reorganisation as detailed in the section headed “History, Development and Reorganisation” the Company became the holding company of the companies now comprising the Group on 13 November 2015. Financial Information comprises the Company and its subsidiaries. The Financial Information has been prepared using the principles of merger accounting as if the Group had always been in existence as further explain below.

Throughout the Track Record Periods and the four months ended 31 October 2014, the companies comprising the Group were under the control of the Controlling Shareholders. Accordingly, for the purpose of the preparation of the Financial Information of the Group, the Company has been considered as the holding company of the companies now comprising the Group throughout the Track Record Periods. The Group comprising the Company and its subsidiaries resulting from the Group Reorganisation as detailed in the section headed “History, Development and Reorganisation” is regarded as a continuing entity. The Group was under the control of the Controlling Shareholders prior to and after the Group Reorganisation.

The combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows for the Track Record Periods, which include the results, changes in equity and cash flows of the companies now comprising the Group, have been prepared using the principles of merger accounting under Hong Kong Accounting Guideline 5 “Merger Accounting for Common Control Combinations” as if the current group structure had been in existence throughout the Track Record Periods, or since their respective dates of incorporation where this is a shorter period. The combined statements of financial position at the respective end of the reporting period have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at those dates.

2. BASIS OF PREPARATION

The Financial Information has been prepared in accordance with HKFRSs, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKAS”) and Interpretations issued by the HKICPA. The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing the Financial Information, the Group has adopted all applicable new and revised HKFRSs to the Track Record Periods, except for any revised and new standards or interpretations that are not yet effective for the accounting period ended 31 October 2015, as set out in Note 3. The Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Hong Kong Companies Ordinance.

The Interim Comparative Information for the four months ended 31 October 2014 has been prepared in accordance with the same basis and accounting policies adopted in respect of the Financial Information.

It should be noted that accounting estimates and assumptions are used in preparation of the Financial Information. Although these estimates are based on management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information are disclosed in Note 5.

3. NEW OR AMENDED HKFRSs

The Group has not early adopted the following new and revised standards, amendments or interpretations that are relevant and mandatory for the Group’s accounting periods on or after 1 November 2015 or later periods, that have been issued but are not yet effective.

HKFRS 9	Financial Instruments ²
HKFRS 15	Revenue from Contracts with Customers ²
Amendments to HKAS 1	Disclosure Initiative ¹
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
Amendments to HKAS 27	Equity Method in Separate Financial Statements ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012-2014 Cycle ¹

- ¹ Effective for annual periods beginning on or after 1 January 2016
- ² Effective for annual periods beginning on or after 1 January 2018
- ³ Effective date not yet determined

The Group is in the process of making an assessment of the impact of these new and revised 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 15 Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including HKAS 18 Revenue, HKAS 11 Construction contracts and HK(IFRIC)-Int 13 Customer Loyalty Programmes. It also includes guidance on when to capitalise costs of obtaining or fulfilling a contract not otherwise addressed in other standards, and includes expanded disclosure requirements. The impact of the standard is currently being assessed. It is not yet practicable to quantify the effect on the Financial Information.

4. SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of measurement

The Financial Information has been prepared on the historical cost basis except that financial assets at fair value through profit or loss are stated at their fair value as disclosed in Note 4(viii). The measurement bases are fully described in the accounting policies below.

The significant accounting policies that have been used in the preparation of these combined Financial Information are summarised below. These policies have been consistently applied to all the periods presented in the Financial Information.

(ii) Basis of consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power over the entity, only substantive rights relating to the entity (held by the Group and others) are considered.

The Group includes the income and expenses of a subsidiary in the combined Financial Information from the date it gains control until the date when the Group ceases to control the subsidiary.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the combined Financial Information. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling interests and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e., reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 "Financial Instruments: Recognition and Measurement" or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss (Note 4(ix)).

(iii) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

Sales of goods are recognised upon transfer of the significant risks and rewards of ownership to the customer. This is usually taken as the time when the goods are delivered and the customer has accepted the goods;

Commission income is recognised when the related services are rendered; and

Interest income is recognised as it accrues using the effective interest method.

(iv) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes purchase price and expenditure that is directly attributable to the acquisition of the item.

Depreciation of property, plant and equipment is provided to write off the cost less their residual values over their estimated useful lives using the straight-line method, at the following rates per annum:

Plant and machinery	10 to 30%
Motor vehicles	30%
Furniture and fixtures	20%
Office equipment	20%

The assets' residual values, depreciation method and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The gain or loss arising from the retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other expenses, such as repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

(v) Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

Operating lease charges as the lessee

Where the Group has the right to use of assets held under operating leases, payments made under the leases are charged to the profit or loss on a straight-line basis over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rental are charged to profit or loss in the accounting period in which they are incurred.

(vi) Foreign currency translation

In the individual financial statements of the combined entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates and are not retranslated.

(vii) Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current tax assets and/ or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the end of the reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the end of the reporting period between the carrying amounts of assets and liabilities in the Financial Information and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available

to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the end of the reporting period.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if:

- (a) the Group has the legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if:

- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (i) the same taxable entity; or
 - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(viii) Financial assets

The Group's accounting policies for financial assets other than investment in a subsidiary of the Company are set out below.

Financial assets are classified into loans and receivables and financial assets at fair value through profit or loss. Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at the end of the each reporting period.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Regular way purchases of financial assets are recognised on trade date. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At the end of each reporting period, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include:

- Financial assets held for trading; and
- Financial assets designated upon initial recognition as at fair value through profit or loss

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term, or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial assets may be designated at initial recognition as at fair value through profit or loss if the following criteria are met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; or
- the assets are part of a group of financial assets which are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy and information about the group of financial assets is provided internally on that basis to the key management personnel; or
- the financial asset contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in profit or loss. Fair value is determined by reference to active market transactions or using a valuation technique where no active market exists. Fair value gain or loss does not include any dividend or interest earned on these financial assets.

Interest income is recognised on an accrual basis using the effective interest method.

Impairment of financial assets

At the end of each reporting period, financial assets other than at fair value through profit or loss are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- The disappearance of an active market for that financial asset because of financial difficulties.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If any such evidence exists, the impairment loss is measured and recognised as follows:

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

Where the recovery of trade and other receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When the Group is satisfied that recovery of trade and other receivables is remote, the amount considered irrecoverable is written off against trade and other receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ix) Impairment of non-financial assets

Property, plant and equipment and investment in a subsidiary in the statement of financial position of the Company, are subject to impairment testing. They are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e., a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Impairment loss is charged pro rata to the assets in the cash-generating unit except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal or value in use, if determinable.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(x) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the first-in-first-out method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(xi) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(xii) Financial liabilities

The Group's financial liabilities include trade and other payables and amounts due to directors. The Company's financial liabilities comprise amount due to a subsidiary.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised in accordance with the Group's accounting policy for borrowing costs which are expensed in the period in which they are incurred.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

Trade and other payables, amounts due to directors and amount due to a subsidiary

They are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

(xiii) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligations can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(xiv) Share capital

Ordinary shares are classified as equity. Share capital is recognised at the amount of consideration of shares issued, after deducting any transaction costs associated with the issuing of shares (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

(xv) Employee benefits*Retirement benefits*

Retirement benefits to employees are provided through defined contribution plans.

The Group operates a defined contribution retirement benefit plan under the Mandatory Provident Fund Schemes Ordinance, for all of its employees who are eligible to participate in the Mandatory Provident Fund Scheme. Contributions are made based on a percentage of the employees' basic salaries.

Contributions are recognised as an expense in profit or loss as employees render services during the Track Record Periods. The Group's obligations under these plans are limited to the fixed percentage contributions payable.

Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(xvi) Segment reporting

Operating segments, and the amounts of each segment item reported in the Financial Information, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(xvii) Related parties

A party is considered to be related to the Group if:

- (a) the party, is a person or a close member of that person's family and that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of key management personnel of the Group or of a parent of the Group.
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group.
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) the entity and the Group are joint ventures of the same third party.
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a).
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of applying the Group's accounting policies, which are described in Note 4, management is required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experiences and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year are discussed below:

Depreciation charges of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value, if any.

The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded at the end of each reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates. Carrying amount of the property, plant and equipment is set out in Note 14.

Impairment of trade and other receivables

Impairment losses on trade and other receivables are assessed and recognised based on management's regular review of ageing analysis and evaluation of collectability. A considerable level of judgement is exercised by management when assessing the creditworthiness and collection history of each party. Any increase or decrease in impairment losses would affect profit or loss in future periods. For the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2014 (unaudited) and 2015, impairment losses of HK\$425,000, HK\$288,000, HK\$Nil, HK\$Nil and HK\$164,000 respectively have been provided for trade and other receivables. Carrying amount of the trade and other receivables is set out in Note 16.

Write-down of inventories

The Group performs regular review of the carrying amounts of inventories with reference to aged inventories analysis, historical consumption trends and management judgement. Based on this review, write-down of inventories will be made when the carrying amounts of inventories decline below their estimated net realisable value. Due to changes in market trends, actual consumption may be different from estimation and profit or loss could be affected by accuracy of this estimation. For the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2014 (unaudited) and 2015, write-down of inventories of HK\$175,000, HK\$687,000, HK\$558,000, HK\$40,000 and HK\$158,000 respectively have been provided. Carrying amount of inventories is set out in Note 15.

6. REVENUE

During the Track Record Periods, 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 of Directors of the Company. The Board of Directors 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.

(a) The amount of revenue recognised is as follows:

	Year ended 30 June			Four months ended 31 October	
	2013	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
Sale of apparel labels and packaging printing products	<u>119,568</u>	<u>126,275</u>	<u>133,097</u>	<u>44,991</u>	<u>44,371</u>

(b) 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.

	Year ended 30 June			Four months ended 31 October	
	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000 (Unaudited)	2015 HK\$'000
Hong Kong (place of domicile)	33,334	34,352	37,945	13,703	12,127
South Korea	20,201	23,980	23,762	7,939	8,818
Taiwan	16,851	17,277	15,484	5,860	4,154
Vietnam	7,297	7,619	11,804	3,300	4,477
China	6,923	8,905	9,220	2,170	2,035
India	6,268	6,357	4,988	1,958	1,801
Indonesia	5,745	6,864	5,551	2,026	2,093
Sri Lanka	5,581	4,232	3,824	774	1,030
United States	4,577	6,615	10,552	3,554	3,620
Others	12,791	10,074	9,967	3,707	4,216
	<u>119,568</u>	<u>126,275</u>	<u>133,097</u>	<u>44,991</u>	<u>44,371</u>

All the Group's property, plant and equipment ("specified non-current assets") are physical located in Hong Kong.

(c) Major customers

There is no single external customer contributed more than 10% revenue to the Group's revenue for the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2014 (unaudited) and 2015.

7. OTHER INCOME

An analysis of the Group's other income is as follows:

	Year ended 30 June			Four months ended 31 October	
	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000 (Unaudited)	2015 HK\$'000
Interest income	107	2	2	—	—
Commission income	1,066	899	1,171	488	448
Gain on disposal of property, plant and equipment	201	—	—	—	—
Others	138	26	72	10	19
	<u>1,512</u>	<u>927</u>	<u>1,245</u>	<u>498</u>	<u>467</u>

8. PROFIT BEFORE INCOME TAX

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

	Year ended 30 June			Four months ended 31 October	
	2013	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
(a) Staff costs (including directors' remuneration (Note 9))[#]					
Salaries, allowances and other benefits	23,524	24,888	23,328	7,834	9,627
Contributions to defined contribution retirement plans	874	942	954	300	353
	<u>24,398</u>	<u>25,830</u>	<u>24,282</u>	<u>8,134</u>	<u>9,980</u>
(b) Other items					
Auditors' remuneration	70	70	70	–	–
Cost of inventories [#] (Note 15(b))	71,863	72,307	76,251	25,712	23,356
Depreciation for property, plant and equipment [#]	1,497	2,946	2,732	882	812
Net exchange loss	15	26	49	24	23
Marketing services fee	8,020	9,669	9,591	3,074	2,379
Gain on disposal of property, plant and equipment	(201)	–	–	–	–
Impairment loss on trade and other receivables (Note 16)	425	288	–	–	164
Listing expenses	–	–	–	–	6,288
Operating lease charges:					
– plant and machinery	236	309	345	111	116
– premises [#]	6,445	6,642	7,012	2,335	2,338
Waived commission income	<u>1,496</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

[#] For the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2014 (unaudited) and 2015, cost of inventories includes HK\$16,133,000, HK\$17,089,000, HK\$16,340,000, HK\$5,383,000 and HK\$6,439,000, respectively relating to staff costs, HK\$381,000, HK\$1,703,000, HK\$1,661,000, HK\$548,000 and HK\$486,000, respectively relating to depreciation and HK\$4,019,000, HK\$4,219,000, HK\$4,513,000, HK\$1,509,000 and HK\$1,512,000, respectively relating to operating lease charges, which amounts are also included in the respective total amounts disclosed separately above for each of these types of expenses.

9. DIRECTORS' REMUNERATION

The remuneration of each of the directors of the Group for the Track Record Periods is set out below:

	Fees HK\$'000	Salaries, allowances, and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Retirement benefit contribution HK\$'000	Total HK\$'000
Year ended 30 June 2013					
<i>Executive directors</i>					
Mr Samson Fung	–	1,800	–	15	1,815
Mr David Fung	–	1,800	–	15	1,815
Mr Fung Kar Chue Alexander	–	–	–	–	–
	–	3,600	–	30	3,630
Year ended 30 June 2014					
<i>Executive directors</i>					
Mr Samson Fung	–	1,800	–	15	1,815
Mr David Fung	–	1,800	–	15	1,815
Mr Fung Kar Chue Alexander	–	–	–	–	–
	–	3,600	–	30	3,630
Year ended 30 June 2015					
<i>Executive directors</i>					
Mr Samson Fung	–	1,800	–	18	1,818
Mr David Fung	–	1,800	–	18	1,818
Mr Fung Kar Chue Alexander	–	–	–	–	–
	–	3,600	–	36	3,636
Four months ended 31 October 2014 (unaudited)					
<i>Executive directors</i>					
Mr Samson Fung	–	600	–	6	606
Mr David Fung	–	600	–	6	606
Mr Fung Kar Chue Alexander	–	–	–	–	–
	–	1,200	–	12	1,212
Four months ended 31 October 2015					
<i>Executive directors</i>					
Mr Samson Fung	–	600	–	6	606
Mr David Fung	–	600	–	6	606
Mr Fung Kar Chue Alexander	–	210	–	5	215
	–	1,410	–	17	1,427

Included in the directors' remuneration were rental benefits for accommodation provided to Mr Samson Fung and Mr David Fung totalling HK\$1,680,000, HK\$1,680,000, HK\$1,680,000, HK\$560,000 and HK\$560,000, during the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2014 (unaudited) and 2015 respectively, represented by HK\$840,000 to each of the directors for each of the years ended 30 June 2013, 2014 and 2015 and HK\$280,000 to each of the directors for each of the four months ended 31 October 2014 (unaudited) and 2015.

Mr Samson Fung, Mr David Fung and Mr Fung Kar Chue Alexander, son of Mr Samson Fung, were appointed as directors of the Company on 8 October 2015 and designated as executive directors on 1 December 2015 respectively.

The emoluments shown above represents emoluments received from the Group by these directors in their capacity as employees of the Group and/or in their capacity as directors of the companies comprising the Group during the Track Record Periods.

Dr Loke Yu, Ms Fung Po Yee and Ms Sung Ting Yee were appointed as independent non-executive directors of the Company on 26 April 2016. During the Track Record Periods, they have not been appointed and did not receive any remuneration.

10. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, include 2, 2, 2, 2 and 3 directors, for each of the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2014 (unaudited) and 2015, respectively, details of whose remuneration are disclosed in Note 9 above.

Details of the remuneration of the remaining 3, 3, 3, 3 and 2 highest paid individuals for the years ended 30 June 2013, 2014 and 2015, and the four months ended 31 October 2014 (unaudited) and 2015, respectively, are as follows:

	Year ended 30 June			Four months ended 31 October	
	2013	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
Salaries, allowance and bonuses	1,721	1,891	1,320	404	472
Retirement benefit costs – defined contribution plans	45	41	54	18	12
	<u>1,766</u>	<u>1,932</u>	<u>1,374</u>	<u>422</u>	<u>484</u>

During the Track Record Periods, the number of non-director highest paid individuals whose remuneration fell within the following bands is as follows:

	Number of individuals			Four months ended 31 October	
	Year ended 30 June 2013	2014	2015	2014	2015
				(Unaudited)	
Emolument band					
Nil to HK\$1,000,000	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>2</u>

During the Track Record Periods, there are no arrangements under which these individuals waived or agreed to waive any emoluments. In addition, no emoluments are paid or payables to these individuals as retirement from employment or as an inducement to join or upon joining the Group or as compensation for loss of office.

11. INCOME TAX EXPENSE

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.

APPENDIX I

ACCOUNTANTS' REPORT

Hong Kong Profits Tax has been provided at the rate of 16.5% for each of the years ended 30 June 2013, 2014, 2015 and the four months ended 31 October 2014 (unaudited) and 2015 on the estimated assessable profits for the respective period taking into account a reduction granted by the Hong Kong Special Administrative Region Government of 75% of the tax payable for the year of assessment 2013/2014, 2014/2015 and 2015/2016 respectively, subject to a maximum reduction of HK\$10,000, HK\$20,000 and HK\$20,000 for each business and for each of the year of assessments of 2013/2014, 2014/2015 and 2015/2016 respectively.

Taxation in the combined statements of profit or loss and other comprehensive income represents:

	Year ended 30 June			Four months ended 31 October	
	2013	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
Current tax – Hong Kong Profits Tax					
– Provision for the year/period	3,705	2,769	5,775	2,019	2,328
Deferred tax					
– Current year/period (Note 21)	192	1,825	(347)	(123)	(112)
Total income tax expense	3,897	4,594	5,428	1,896	2,216

Reconciliation between accounting profit and tax expense at applicable tax rate is as follows:

	Year ended 30 June			Four months ended 31 October	
	2013	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
Profit before income tax	23,691	27,888	32,900	11,452	6,670
Tax at the statutory tax rate of 16.5%	3,909	4,601	5,429	1,890	1,101
Tax effect of non-deductible expenses	3	5	8	6	1,092
Tax effect of non-taxable income	(1)	(1)	(1)	–	–
Tax deduction	(20)	(20)	(20)	–	–
Others	6	9	12	–	23
Income tax expense	3,897	4,594	5,428	1,896	2,216

12. DIVIDENDS

	Year ended 30 June			Four months ended 31 October	
	2013	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
Interim dividends	18,000	23,000	–	–	–
Final dividends	–	–	30,000	–	–

For the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2014 (unaudited) and 2015, interim dividends of HK\$150 per share totalling HK\$15,000,000, HK\$200 per share totalling HK\$20,000,000, HK\$Nil, HK\$Nil and HK\$Nil respectively were declared and appropriated to the shareholders of Hang Sang (Siu Po) and HK\$10 per share totalling HK\$3,000,000, HK\$10 per share totalling HK\$3,000,000, HK\$Nil, HK\$Nil and HK\$Nil respectively were declared and appropriated to the shareholders of A W Printing respectively.

For the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2014 (unaudited) and 2015, final dividends of HK\$Nil, HK\$Nil, HK\$180 per share totalling HK\$18,000,000, HK\$Nil and HK\$Nil were declared to the shareholders of Hang Sang (Siu Po) respectively and of HK\$Nil, HK\$Nil, HK\$40 per share totalling HK\$12,000,000, HK\$Nil and HK\$Nil were declared to the shareholders of A W Printing respectively. The final dividends for the year ended 30 June 2015 were proposed after 30 June 2015 and have not been recognised as a liability at 30 June 2015.

13. EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Group Reorganisation and the preparation of the results of the Group for the Track Record Periods on the combined basis as disclosed in Note 1.2 above.

14. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Office equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost					
At 1 July 2012	18,120	1,152	4,605	2,110	25,987
Additions	839	1,477	56	289	2,661
Disposals	—	(390)	—	—	(390)
At 30 June 2013	18,959	2,239	4,661	2,399	28,258
Additions	13,061	—	1,190	476	14,727
At 30 June 2014	32,020	2,239	5,851	2,875	42,985
Additions	56	—	153	198	407
At 30 June 2015 and 31 October 2015	<u>32,076</u>	<u>2,239</u>	<u>6,004</u>	<u>3,073</u>	<u>43,392</u>
Accumulated depreciation					
At 1 July 2012	17,892	580	4,306	1,740	24,518
Charge for the year	381	672	244	200	1,497
Depreciation written back upon disposals	—	(352)	—	—	(352)
At 30 June 2013	18,273	900	4,550	1,940	25,663
Charge for the year	1,703	672	289	282	2,946
At 30 June 2014	19,976	1,572	4,839	2,222	28,609
Charge for the year	1,661	519	298	254	2,732
At 30 June 2015	21,637	2,091	5,137	2,476	31,341
Charge for the period	491	148	96	77	812
At 31 October 2015	<u>22,128</u>	<u>2,239</u>	<u>5,233</u>	<u>2,553</u>	<u>32,153</u>
Net book value					
At 30 June 2013	<u>686</u>	<u>1,339</u>	<u>111</u>	<u>459</u>	<u>2,595</u>
At 30 June 2014	<u>12,044</u>	<u>667</u>	<u>1,012</u>	<u>653</u>	<u>14,376</u>
At 30 June 2015	<u>10,439</u>	<u>148</u>	<u>867</u>	<u>597</u>	<u>12,051</u>
At 31 October 2015	<u>9,948</u>	<u>—</u>	<u>771</u>	<u>520</u>	<u>11,239</u>

15. INVENTORIES

- (a) Inventories in the combined statements of financial position comprise:

	As at 30 June			As at 31 October
	2013	2014	2015	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Raw materials	1,218	1,492	1,373	1,963
Work in progress	242	106	124	131
Finished goods	1,167	1,621	1,774	2,592
	<u>2,627</u>	<u>3,219</u>	<u>3,271</u>	<u>4,686</u>

- (b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	For the year ended 30 June			Four months ended 31 October	
	2013	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
Carrying amount of inventories sold	71,688	71,620	75,693	25,672	23,198
Write-down of inventories	<u>175</u>	<u>687</u>	<u>558</u>	<u>40</u>	<u>158</u>
	<u>71,863</u>	<u>72,307</u>	<u>76,251</u>	<u>25,712</u>	<u>23,356</u>

16. TRADE AND OTHER RECEIVABLES

	As at 30 June			As at 31 October
	2013	2014	2015	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade receivables	16,716	12,832	11,261	17,211
Less: allowance for doubtful debts (Note 16(b))	<u>(334)</u>	<u>(546)</u>	<u>(546)</u>	<u>(710)</u>
	<u>16,382</u>	<u>12,286</u>	<u>10,715</u>	<u>16,501</u>
Deposits	1,834	1,906	2,052	2,052
Prepayments	1,449	181	172	122
Other receivables	<u>123</u>	<u>790</u>	<u>1,593</u>	<u>1,987</u>
	<u>3,406</u>	<u>2,877</u>	<u>3,817</u>	<u>4,161</u>
	<u>19,788</u>	<u>15,163</u>	<u>14,532</u>	<u>20,662</u>

(a) Trade receivables

The Group's credit terms granted to customers generally ranged from 0 to 2 months. Further details on the Group's credit policy are set out in Note 26.3. 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.

As at 30 June 2013, 2014, 2015 and 31 October 2015, the ageing analysis of trade receivables, based on the invoice date, net of allowance for doubtful debts is as follows:

	As at 30 June			As at
	2013	2014	2015	31 October
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2015</i>
				<i>HK\$'000</i>
Within 3 months	13,428	10,688	8,573	13,148
Over 3 months but within 6 months	1,799	1,221	1,671	2,803
Over 6 months but within 1 year	1,034	377	335	514
Over 1 year	121	–	136	36
	<u>16,382</u>	<u>12,286</u>	<u>10,715</u>	<u>16,501</u>

(b) Impairment of trade receivables

Impairment losses in respect 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 Track Record Periods, including both specific and collective loss components, is as follow:

	As at 30 June			As at
	2013	2014	2015	31 October
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2015</i>
				<i>HK\$'000</i>
At 1 July	–	334	546	546
Impairment loss recognised	425	288	–	164
Uncollectible amounts written off	(91)	(76)	–	–
At 30 June/31 October	<u>334</u>	<u>546</u>	<u>546</u>	<u>710</u>

For the years ended 30 June 2013, 2014, 2015 and the four months ended 31 October 2014 (unaudited) and 2015, the Group's trade receivables of HK\$425,000, HK\$288,000, HK\$Nil, HK\$Nil and HK\$164,000 respectively were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered.

(c) Trade receivables that are not impaired

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	2013 HK\$'000	As at 30 June 2014 HK\$'000	2015 HK\$'000	As at 31 October 2015 HK\$'000
Neither pass due nor impaired	8,921	6,078	5,544	3,108
Less than 3 months past due	5,813	5,510	4,221	11,118
Over 3 months but within 6 months past due	514	333	528	1,914
Over 6 months but within 1 year past due	1,015	365	286	326
Over 1 year past due	119	–	136	35
	<u>16,382</u>	<u>12,286</u>	<u>10,715</u>	<u>16,501</u>

Trade receivables that were neither past due nor impaired were related to a wide range of independent customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired were related to a large number of diversified customers that had a good track record with the Group. Based on past experience, management believe that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable.

17. AMOUNTS DUE FROM A RELATED COMPANY/THE ULTIMATE HOLDING COMPANY

Particulars of amount due from a related company are as follows:

	As at 1 July 2012 HK\$'000	2013 HK\$'000	As at 30 June 2014 HK\$'000	2015 HK\$'000	As at 31 October 2015 HK\$'000
JSD Investment Limited	<u>16</u>	<u>21</u>	<u>19</u>	<u>–</u>	<u>–</u>

	2013 HK\$'000	As at 30 June 2014 HK\$'000	2015 HK\$'000	As at 31 October 2015 HK\$'000
Maximum amounts outstanding during the year/period – JSD Investment Limited	<u>32</u>	<u>39</u>	<u>30</u>	<u>–</u>

Particulars of amount due from the ultimate holding company are as follows:

	As at 1 July 2012 HK\$'000	2013 HK\$'000	As at 30 June 2014 HK\$'000	2015 HK\$'000	As at 31 October 2015 HK\$'000
HSSP Limited	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>28</u>

	2013 HK\$'000	As at 30 June 2014 HK\$'000	2015 HK\$'000	As at 31 October 2015 HK\$'000
Maximum amounts outstanding during the year/period – HSSP Limited	–	–	–	28

The amounts are unsecured, non-interest bearing and repayable on demand. Details of related party relationship are disclosed in Note 25(i).

18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following component:

	2013 HK\$'000	As at 30 June 2014 HK\$'000	2015 HK\$'000	As at 31 October 2015 HK\$'000
Cash at banks	31,802	33,841	37,819	35,515

19. TRADE AND OTHER PAYABLES

	2013 HK\$'000	As at 30 June 2014 HK\$'000	2015 HK\$'000	As at 31 October 2015 HK\$'000
Trade payables	7,924	6,985	6,408	9,133
Marketing services fee payables	3,479	3,026	3,648	1,123
Receipt in advance	927	1,400	759	372
Accruals and other payables	3,242	2,667	2,534	3,364
	15,572	14,078	13,349	13,992

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

As at 30 June 2013, 2014, 2015 and 31 October 2015, the ageing analysis of trade payables based on the invoice date are as follows:

	2013 HK\$'000	As at 30 June 2014 HK\$'000	2015 HK\$'000	As at 31 October 2015 HK\$'000
Within 3 months	7,911	6,983	5,920	7,927
Over 3 months but within 6 months	13	1	488	1,206
Over 6 months but within 1 year	–	1	–	–
	7,924	6,985	6,408	9,133

20. AMOUNTS DUE FROM/(TO) DIRECTORS

(i) Particulars of amount due from a director are as follows:

	As at 1 July 2012 HK\$'000	2013 HK\$'000	As at 30 June 2014 HK\$'000	2015 HK\$'000	As at 31 October 2015 HK\$'000
Mr David Fung	–	–	–	10,123	3,716
	<u>–</u>	<u>–</u>	<u>–</u>	<u>10,123</u>	<u>3,716</u>
		2013 HK\$'000	As at 30 June 2014 HK\$'000	2015 HK\$'000	As at 31 October 2015 HK\$'000
Maximum amounts outstanding during the year/period		5,047	4,095	10,123	10,556
		<u>5,047</u>	<u>4,095</u>	<u>10,123</u>	<u>10,556</u>

(ii) Particulars of amounts due to directors are as follows:

	2013 HK\$'000	As at 30 June 2014 HK\$'000	2015 HK\$'000	As at 31 October 2015 HK\$'000
Mr Samson Fung	16,030	24,510	10,276	32,832
Mr David Fung	914	3,128	–	–
	<u>16,944</u>	<u>27,638</u>	<u>10,276</u>	<u>32,832</u>

The amounts due from/(to) directors are non-trade in nature. The amounts due are unsecured, non-interest bearing and repayable on demand. The Group will fully settle the amounts due from/(to) directors by the Group's internal financial resources prior to the Listing.

21. DEFERRED TAX

The movement in the deferred tax liabilities is as follows:

	2013 HK\$'000	As at 30 June 2014 HK\$'000	2015 HK\$'000	As at 31 October 2015 HK\$'000
Accelerated tax depreciation				
At the beginning of the year/period	37	229	2,054	1,707
Recognised in profit or loss (Note 11)	192	1,825	(347)	(112)
	<u>229</u>	<u>2,054</u>	<u>1,707</u>	<u>1,595</u>
At the end of the year/period				

22. CAPITAL AND RESERVE

(a) Share capital

	The Company	
	<i>No. of shares</i>	<i>HK\$'000</i>
Authorised:		
38,000,000 shares of HK\$0.01 each	<u>38,000,000</u>	<u>380</u>
Issued and fully paid:		
Upon incorporation	1	–
Issuance of share capital	<u>99</u>	<u>–</u>
As at 31 October 2015	<u>100</u>	<u>–</u>

The Company was incorporated in the Cayman Islands as an exempted company under the Company Law of the Cayman Islands with limited liability on 8 October 2015 with an initial authorised share capital of HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each. On the date of incorporation, 1 share and further 99 shares of HK\$0.01 each were issued and fully paid. Subsequent to the Track Record Periods, on 13 November 2015, 4,000,000 shares of HK\$0.01 each were issued in connection with the Group Reorganisation.

There was no authorised and issued capital as at 30 June 2013, 2014 and 2015 since the Company has not yet been incorporated.

(b) Reserve

As mentioned in Note 2 above, the Financial Information has been prepared as if the current group structure had been in existence throughout each of the years ended 30 June 2013, 2014, 2015 and the four months ended 31 October 2014 (unaudited) and 2015. The capital reserve during the Track Record Periods represent the combined share capital of the companies comprising the Group after elimination of investment in subsidiaries.

23. COMMITMENTS

(a) Capital commitments outstanding of the Group as at 30 June 2013, 2014, 2015 and 31 October 2015 not provided for were as follows:

	As at 30 June			As at
	2013	2014	2015	31 October
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2015</i> <i>HK\$'000</i>
Property, plant and equipment				
Contracted for	<u>10,739</u>	<u>–</u>	<u>–</u>	<u>–</u>

As at 31 October 2015, the Company did not have any capital commitment.

- (b) As at 30 June 2013, 2014, 2015 and 31 October 2015 the total future minimum lease payments payable by the Group under those non-cancellable operating leases are as follows:

	As at 30 June		As at 31 October	
	2013	2014	2015	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within 1 year	6,310	530	6,958	4,813
After 1 year but within 5 years	1,043	1,193	903	764
	<u>7,353</u>	<u>1,723</u>	<u>7,861</u>	<u>5,577</u>

The Group leases a number of properties, and items of plant and machinery under operating lease arrangements which run for an initial period of 1-5 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.

As at 31 October 2015, the Company did not have any operating lease commitment.

24. MAJOR NON-CASH TRANSACTION

For the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2014 (unaudited) and 2015, interim dividends payable to the shareholders of Hang Sang (Siu Po) and A W Printing were set off against the amounts due from/(to) directors in the amount of HK\$18,000,000, HK\$23,000,000, HK\$Nil, HK\$Nil and HK\$Nil respectively.

For the four months ended 31 October 2015, final dividends payable to the shareholders of Hang Sang (Siu Po) and AW Printing were settled through the amounts due from/(to) directors in the amount of HK\$30,000,000, of which approximately HK\$23,600,000 settled in the amount due to a director (Mr Samson Fung) and approximately HK\$6,400,000 set off against the amount due from a director (Mr David Fung) .

25. MATERIAL RELATED PARTY RELATIONSHIP AND TRANSACTIONS

Relationship with related companies

Name of company	Relationship
HSSP Limited	Ultimate holding Company
JSD Investment Limited	Controlled by Mr David Fung, a Controlling Shareholder who is also a director of the Group
Karwin Corporation Limited	Controlled by Mr Samson Fung, a Controlling Shareholder who is also a director of the Group
Super Champion Limited	Controlled by Mr David Fung, a Controlling Shareholder who is also a director of the Group

(i) Transactions with related companies

During the Track Record Periods, the Group entered into the following material related party transactions with related companies:

Name of Company	Nature of transactions	Year ended 30 June			Four months ended 31 October	
		2013	2014	2015	2014	2015
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
					<i>(Unaudited)</i>	
JSD investment Limited	Sale of printing products for food and beverages <i>(Note)</i>	21	19	10	8	–
Karwin Corporation Limited	Rental expense paid for director's quarter <i>(Note)</i>	840	840	840	280	280
Super Champion Limited	Rental expense paid for director's quarter <i>(Note)</i>	<u>840</u>	<u>840</u>	<u>840</u>	<u>280</u>	<u>280</u>

Note:

The sale of printing products for food and beverages and rental expense paid for directors' quarters were made at the prices mutually agreed between the Group and the respective related companies.

(ii) Balances with related parties

Amounts due from a related company and the ultimate holding company and amounts due from/(to) directors are disclosed in Notes 17 and 20 respectively.

(iii) Key management personnel remuneration

Key management personnel of the Group, including amounts paid to the directors as disclosed in Note 9, and senior management, is as follows:

	Year ended 30 June			Four months ended 31 October	
	2013	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				<i>(Unaudited)</i>	
Salaries, allowances and other benefits	6,851	7,108	5,953	1,917	2,495
Retirement benefit costs – defined contribution plan	<u>134</u>	<u>131</u>	<u>138</u>	<u>46</u>	<u>49</u>
	<u>6,985</u>	<u>7,239</u>	<u>6,091</u>	<u>1,963</u>	<u>2,544</u>

Total remuneration above is included in 'staff costs' (see Note 8(a)).

26. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations. The financial risks include foreign currency risk, credit risk, interest risk and liquidity risk. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The most significant financial risk to which the Group is exposed as discussed below.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

26.1 CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts presented in the combined statements of financial position relate to the following categories of financial assets and financial liabilities:

The Group

	As at 30 June		As at
	2013	2014	31 October
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2015</i>
			<i>HK\$'000</i>
Financial assets:			
<i>Loans and receivables</i>			
– Trade and other receivables	18,339	14,982	14,360
– Amount due from a related company	21	19	–
– Amount due from a director	–	–	10,123
– Amount due from the ultimate holding company	–	–	–
– Cash and cash equivalents	31,802	33,841	37,819
	<u>50,162</u>	<u>48,842</u>	<u>62,302</u>
			<u>59,799</u>
Financial liabilities:			
<i>Financial liabilities measured at amortised cost</i>			
– Trade and other payables	14,645	12,678	12,590
– Amounts due to directors	16,944	27,638	10,276
	<u>31,589</u>	<u>40,316</u>	<u>22,866</u>
			<u>46,452</u>

The Company

	As at
	31 October
	2015
	<i>HK\$'000</i>
Financial liabilities:	
<i>Financial liabilities measured at amortised cost</i>	
– Amount due to a subsidiary	<u>43</u>

26.2 CURRENCY RISK

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The Group's exposures to currency risk arise from its cash and cash equivalents, trade and other receivables and trade and other payables, which are primarily denominated in United States dollars ("USD"). USD is not the functional currency of the companies comprising the Group to which these transactions relate.

Foreign currency denominated financial assets and liabilities, translated into Hong Kong dollars at the closing rates, are as follows:

The Group

	As at 30 June			As at
	2013	2014	2015	31 October
	USD	USD	USD	USD
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash and cash equivalents	25,551	29,319	29,067	30,047
Trade and other receivables	17,449	12,554	11,885	17,009
Trade and other payables	<u>(4,801)</u>	<u>(4,807)</u>	<u>(5,017)</u>	<u>(3,046)</u>
Net exposure arising from recognised assets and liabilities	<u>38,199</u>	<u>37,066</u>	<u>35,935</u>	<u>44,010</u>

The Group carries out certain of its transactions in USD and certain of its bank balances are denominated in USD. As HKD is pegged to USD, the management does not expect any significant movements in the USD/HKD exchange rate and considers 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 HKD and USD is controlled within a tight range. Permanent changes in foreign exchange rates would have an impact on combined financial information.

26.3 CREDIT RISK

Credit risk relates to the risk that the counterparty to a financial instrument would fail to discharge its obligations under the terms of the financial instrument and cause a financial loss to the Group.

Bank deposits are only placed with a creditworthy financial institution. The management does not expect any financial institution fail to meet their obligations which will results material credit losses to the Group.

In respect of trade and other receivables, individual credit evaluations are performed on all. These evaluations focus on the past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 0 to 2 months from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 30 June 2013, 2014, 2015 and 31 October 2015, 20.8%, 14.8%, 15.2% and 28.1% respectively of the total trade and other receivables was due from the Group's five largest customers.

The Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial assets as at 30 June 2013, 2014, 2015 and 31 October 2015 is disclosed in Note 26.1 above.

Further quantitative disclosure in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in Note 16.

26.4 INTEREST RATE RISK

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Group's interest rate risk arises primarily from bank balances. The exposure to interest rates for the Group's short-term bank deposits is considered immaterial. The Group therefore does not have significant exposure to interest rate risk during the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015.

26.5 LIQUIDITY RISK

The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserve of cash and funding from directors and related companies to meet its liquidity requirements in the short and longer term.

The following table show the details of the remaining contractual maturities as at 30 June 2013, 2014, 2015 and 31 October 2015 and the Group's non-derivative liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each reporting period) and the earliest date the Group can be required to pay.

The Group

	Within or 1 year on demand HK\$'000	Total contractual undiscounted cash flow HK\$'000	Carrying amount HK\$'000
As at 30 June 2013			
Trade and other payables	14,645	14,645	14,645
Amounts due to directors	16,944	16,944	16,944
	<u>31,589</u>	<u>31,589</u>	<u>31,589</u>
As at 30 June 2014			
Trade and other payables	12,678	12,678	12,678
Amounts due to directors	27,638	27,638	27,638
	<u>40,316</u>	<u>40,316</u>	<u>40,316</u>
As at 30 June 2015			
Trade and other payables	12,590	12,590	12,590
Amounts due to directors	10,276	10,276	10,276
	<u>22,866</u>	<u>22,866</u>	<u>22,866</u>
As at 31 October 2015			
Trade and other payables	13,620	13,620	13,620
Amounts due to directors	32,832	32,832	32,832
	<u>46,452</u>	<u>46,452</u>	<u>46,452</u>

The Company

	Within or 1 year on demand HK\$'000	Total contractual undiscounted cash flow HK\$'000	Carrying amount HK\$'000
As at 31 October 2015			
Amount due to a subsidiary	43	43	43
	<u>43</u>	<u>43</u>	<u>43</u>

26.6 FAIR VALUE ESTIMATION

All financial instruments are carried at amounts not materially different from their fair values as at 30 June 2013, 2014, 2015 and 31 October 2015 due to the short-term maturities.

27. CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are to (i) safeguard the Group's ability to continue as a going concern, so that it continues to provide returns and benefits for its stakeholders, (ii) support the Group's stability and growth, and (iii) provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy. The Group's capital management objectives, policies or processes were unchanged during the years ended 30 June 2013, 2014 and 2015 and the four months ended 31 October 2015.

The Group is not subject to any externally imposed capital requirements.

III. EVENTS AFTER THE REPORTING PERIOD

The following significant events took place subsequent to 31 October 2015:

- (a) On 13 November 2015, 4,000,000 shares of HK\$0.01 each were issued in connection with the Group Reorganisation.
- (b) The companies comprising the Group underwent and completed the Group Reorganisation in preparation for the listing of the Company's shares on the Stock Exchange. Further details of the Group Reorganisation are set out in the section headed "History, Development and Reorganisation" in the Prospectus. Upon completion of the Group Reorganisation on 13 November 2015, the Company became the holding company of the Group.
- (c) The Group's outstanding balances with a related company (Note 17), the ultimate holding company (Note 17) and directors (Note 20) will be fully settled by the Group's internal financial resources prior to the Listing.

IV. SUBSEQUENT FINANCIAL INFORMATION

No audited financial statements have been prepared by the Group and the Company in respect of any period subsequent to 31 October 2015.

Yours faithfully,

Grant Thornton Hong Kong Limited

Certified Public Accountants

Level 12

28 Hennessy Road

Wanchai

Hong Kong

Chan Tze Kit

Practising Certificate No.: P05707

The information set forth in this appendix does not form part of the Accountants' Report on the financial information of our Group for the three years ended 30 June 2015 and the four months ended 31 October 2015 prepared by Grant Thornton Hong Kong Limited, Certified Public Accountants, the reporting accountants of our Company, as set forth in Appendix I of this prospectus (the "Accountants' Report"), and is included herein for illustrative purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set forth in Appendix I of this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS

The following is an illustrative unaudited pro forma statement of adjusted combined net tangible assets of our Group which has been prepared in accordance with paragraph 29 of Chapter 4 of the Listing Rules for the purpose of illustrating the effect of the Share Offer on the audited combined net tangible assets of our Group attributable to equity holders of our Company as of 31 October 2015, as if the Share Offer had taken place on 31 October 2015.

The unaudited pro forma statement of adjusted combined net tangible assets of our Group has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of our Group attributable to equity holders of our Company had the Share Offer been completed as at 31 October 2015 or at any future dates. It is prepared based on the audited combined net tangible assets of our Group attributable to equity holders of our Company as at 31 October 2015 as set out in the Accountants' Report in Appendix I to this prospectus, and adjusted as described below.

	Audited combined net tangible assets of our Group attributable to equity holders of our Company as of 31 October 2015 HK\$'000 (Note 1)	Estimated net proceeds from the Share Offer HK\$'000 (Note 2)	Unaudited pro forma adjusted combined net tangible assets of our Group attributable to equity holders of our Company HK\$'000	Unaudited pro forma adjusted combined net tangible assets of our Group attributable to equity holders of our Company per Share HK\$ (Note 3)
Based on the Offer Price of HK\$1.10 per Share	22,924	30,493	53,417	0.29
Based on the Offer Price of HK\$1.36 per Share	22,924	42,153	65,077	0.35

Notes:

- (1) The amount is calculated based on the audited combined net assets of our Group attributable to equity holders of our Company as of 31 October 2015 amounting to approximately HK\$22,924,000, extracted from the Accountants' Report of our Group set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from the Share Offer are based on 46,000,000 Shares at the Offer Price of HK\$1.10 and HK\$1.36 per Share, being the low-end and high-end of the indicative range of the Offer Price, respectively, after deduction of the estimated underwriting fees and other related expenses (excluding Listing related expenses of approximately HK\$6,288,000 which have been accounted for prior to 31 October 2015) expected to be incurred by our Group subsequent to 31 October 2015.
- (3) The unaudited pro forma adjusted combined net tangible assets per Share is calculated based on 184,000,000 Shares, being the number of Shares expected to be in issue immediately following the completion of the Capitalisation Issue and the Share Offer.
- (4) No adjustment has been made to the unaudited pro forma adjusted combined net tangible assets of our Group attributable to the equity holders of our Company as at 31 October 2015 to reflect any trading results or other transactions of the Group entered into subsequent to 31 October 2015.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the assurance report received from, Grant Thornton Hong Kong Limited, Certified Public Accountants, the reporting accountants of our Company, in respect of our Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.

**Grant Thornton**

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TO THE DIRECTORS OF HANG SANG (SIU PO) INTERNATIONAL HOLDING COMPANY LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Hang Sang (Siu Po) International Holding Company Limited (the “Company”) and its subsidiaries (collectively the “Group”) by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted combined net tangible assets as at 31 October 2015, and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated 30 April 2016 (the “Prospectus”). The applicable criteria on the basis of which the directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus. The unaudited pro forma financial information has been compiled by the directors to illustrate the impact of the Share Offer (as defined in the Prospectus) on the Group's financial position as at 31 October 2015 as if the Share Offer had taken place at 31 October 2015. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial information for the years ended 30 June 2013, 2014, 2015 and the four months ended 31 October 2015, on which an accountants' report set out in Appendix I to the Prospectus has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“AG7”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (“HKSAE”) 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 October 2015 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related unaudited pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Grant Thornton Hong Kong Limited

Certified Public Accountants

Level 12

28 Hennessy Road

Wanchai

Hong Kong

30 April 2016

Chan Tze Kit

Practising Certificate No.: P05707

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW

Set out below is a summary of certain provisions of the Memorandum of Association and the Articles and of certain aspects of the Cayman Islands company law.

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 8 October 2015 under the Cayman Companies Law. The Memorandum of Association and the Articles comprise its constitution.

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum of Association states, inter alia, that the liability of members of our Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the objects for which our Company is established are unrestricted (including acting as an investment company), and that our Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Cayman Companies Law and in view of the fact that our Company is an exempted company that our Company shall not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of our Company carried on outside the Cayman Islands.
- (b) Our Company may by special resolution alter its Memorandum of Association with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 26 April 2016. The following is a summary of certain provisions of the Articles:

(a) Directors

(i) *Power to allot and issue shares and warrants or convertible securities or securities of similar nature*

Subject to the provisions of the Cayman Companies Law and the Memorandum of Association and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether in regard to dividend, voting, return of capital, or otherwise, as our Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Subject to the Cayman Companies Law, the rules of any Designated Stock Exchange (as defined in the Articles) and the Memorandum of Association and Articles, any share may be issued on terms that, at the option of our Company or the holder thereof, they are liable to be redeemed.

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW

The Board may issue warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of our Company on such terms as it may from time to time determine.

Subject to the provisions of the Cayman Companies Law and the Articles and, where applicable, the rules of any Designated Stock Exchange (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in our Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it may in its absolute discretion determine, but so that no shares shall be issued at a discount.

Neither our Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the Board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) Power to dispose of the assets of our Company or any subsidiary

There are no specific provisions in the Articles relating to the disposal of the assets of our Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by our Company and which are not required by the Articles or the Cayman Companies Law to be exercised or done by our Company in general meeting.

(iii) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by our Company in general meeting.

(iv) Loans and provision of security for loans to Directors

There are provisions in the Articles prohibiting the making of loans to Directors.

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW

(v) Financial assistance to purchase shares of our Company or its subsidiaries

Subject to compliance with the rules and regulations of the Designated Stock Exchange (as defined in the Articles) and any other relevant regulatory authority, our Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in our Company. There is no provision in the Articles that prohibits our Company from giving financial assistance for the purchase of any shares of its subsidiaries.

(vi) Disclosure of interests in contracts with our Company or any of its subsidiaries

A Director may hold any other office or place of profit with our Company (except that of the auditor of our Company) in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may continue to be or become a director or other officer of, or otherwise interested in, any company promoted by our Company or any other company in which our Company may be interested, and shall not be liable to account to our Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Articles, the Directors may also cause the voting power conferred by the shares in any other company held or owned by our Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Cayman Companies Law and the Articles, no Director or proposed or intended Director shall be disqualified by his office from contracting with our Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to our Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with our Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first considered, if he knows his interest then exists, or in any other case, at the first meeting of the Board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or other proposal in which he or any of his close associates (as defined in the Articles) is materially interested, but this prohibition shall not apply to any of the following matters, namely:

- (aa) any contract or arrangement for the giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associate(s) or obligations incurred or undertaken by him or any of his close associate(s) at the request of or for the benefit of our Company or any of its subsidiaries;
- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of our Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by our Company or any other company which our Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of our Company by virtue only of his/their interest in shares or debentures or other securities of our Company; or
- (ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors or his close associate(s) and to employees of our Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(vii) *Remuneration*

The ordinary remuneration of the Directors shall from time to time be determined by our Company in general meeting and shall (unless otherwise directed by the resolution by which it is voted) be divided amongst the Board in such proportions and in such manner as the Board may agree or, failing agreement, equally, except that any Director who shall hold office for part only of

the period in respect of which such remuneration is payable shall be only to rank in such division for a proportion of remuneration related to the period during which he has held office. Each Director shall also be entitled to be repaid or prepaid all travelling, hotel and incidental expenses reasonably incurred or expected to be incurred or incurred by him in attending any Board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of our Company or otherwise in connection with the discharge of his duties as a Director.

Any Director who, by request, goes or resides abroad for any purpose of our Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time determine. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The Board may establish or concur or join with other companies (being subsidiary companies of our Company or companies with which it is associated in business) in establishing and making contributions out of our Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit under our Company or any of its subsidiaries) and ex-employees of our Company and their dependents or any class or classes of such persons.

The Board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as mentioned in the previous paragraph. Any such pension or benefit may, as the Board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(viii) Retirement, appointment and removal

At each annual general meeting, one-third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of our Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any shares in our Company by way of qualification.

A Director may be removed by an ordinary resolution of our Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and our Company) and the members may by ordinary resolution appoint another in his place at the meeting at which such Director is removed. Unless otherwise determined by our Company in general meeting, the number of Directors shall not be less than two (2). There is no maximum number of Directors.

The office of a Director shall be vacated:

- (aa) if he resigns his office by notice in writing delivered to our Company at the registered office of our Company for the time being or tendered at a meeting of the Board;
- (bb) if he becomes of unsound mind or dies;
- (cc) if, without special leave of absence from the Board, he is absent from meetings of the Board (unless an alternate Director appointed by him attends) for six (6) consecutive months, and the Board resolves that his office is vacated;

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW

- (dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) if he is prohibited by law from being a Director; or
- (ff) if he ceases to be a Director by virtue of any provision of law or is removed from office pursuant to the Articles.

The Board may from time to time appoint one or more of its body to be a managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with our Company for such period and upon such terms as the Board may determine and the Board may revoke or terminate any of such appointments. The Board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the Board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations which may be imposed on it by the Board.

(ix) Borrowing powers

The Board may exercise all the powers of our Company to raise or borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of our Company and, subject to the Cayman Companies Law, to issue debentures, bonds and other securities of our Company, whether outright or as collateral security for any debt, liability or obligation of our Company or of any third party.

Note: These provisions, in common with the Articles in general, can be varied with the sanction of a special resolution of our Company.

(x) Proceedings of the Board

The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of any equality of votes, the chairman of the meeting shall have an additional or casting vote.

(xi) Register of Directors and Officers

The Cayman Companies Law and the Articles provide that our Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within sixty (60) days of any change in such directors or officers.

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(b) Alterations to constitutional documents

The Articles may be rescinded, altered or amended by our Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum of Association, to amend the Articles or to change the name of our Company.

(c) Alteration of capital

Our Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Cayman Companies Law:

- (i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;
- (ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as our Company in general meeting or as the directors may determine;
- (iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Cayman Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred, deferred or other rights or be subject to any such restrictions as compared with the other or others as our Company has power to attach to unissued or new shares; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

Our Company may from time to time by special resolution, subject to any confirmation or consent required by the Cayman Companies Law, reduce its share capital or any capital redemption reserve or other undistributable reserve in any manner permitted by law.

(d) Variation of rights of existing shares or classes of shares

Subject to the Cayman Companies Law and without prejudice to the Articles, all or any of the special rights for the time being attached to the shares or any class of shares may (unless otherwise provided by the terms of issue of that class) from time to

time (whether or not our Company is being wound up) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting all the provisions of the Articles relating to general meetings of our Company shall *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons (or in the case of a member being a corporation, its duly authorised representative) holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or (in the case of a member being a corporation) its duly authorised representative or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied, modified or abrogated by the creation or issue of further shares ranking *pari passu* therewith.

(e) Special resolution-majority required

Pursuant to the Articles, a special resolution of our Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles (see paragraph 2(i) below for further details).

A copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of our Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles.

(f) Voting rights

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)), being a corporation, is a member of our Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of our Company or at any meeting of any class of members of our Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of our Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where our Company has any knowledge that any member is, under the rules of the Designated Stock Exchange (as defined in the Articles), required to abstain from voting on any particular resolution of our Company or restricted to voting only for or only against any particular resolution of our Company, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(g) Requirements for annual general meetings

An annual general meeting of our Company shall be held in each year, other than the year of adoption of the Articles (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Articles, if any)) at such time and place as may be determined by the Board.

(h) Accounts and audit

The Board shall cause true accounts to be kept of the sums of money received and expended by our Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of our Company and of all other matters required by the Cayman Companies Law or necessary to give a true and fair view of our Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or at such other place or places as the Board decides and shall always be open to inspection by the Directors. No member (other than a Director) shall have any right to inspect any accounting record or book or document of our Company except as conferred by law or authorised by the Board or our Company in general meeting. However, an exempted company shall make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before our Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditor's report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of our Company under the provisions of the Articles; however, subject to due compliance with all applicable laws, rules and regulations, including the rules of the Designated Stock Exchange (as defined in the Articles), our Company may send to such persons summarised financial statements derived from our Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on our Company, demand that our Company sends to him, in addition to summarised financial statements, a complete printed copy of our Company's annual financial statement and the directors' report thereon.

Auditor shall be appointed and the terms and tenure of such appointment and its duties at all times regulated in accordance with the provisions of the Articles. The remuneration of the auditor shall be fixed by our Company in general meeting or in such manner as the members may determine.

The financial statements of our Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

(i) Notices of meetings and business to be conducted thereat

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings (including an extraordinary general meeting) must be called by notice of not less than fourteen (14) clear days and not less than ten (10) clear business days. The notice must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business. In addition notice of every general meeting shall be given to all members

of our Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from our Company, and also to each of the Directors and the auditor for the time being of our Company.

Notwithstanding that a meeting of our Company is called by shorter notice than that mentioned above if permitted by the rules of the Designated Stock Exchange, it shall be deemed to have been duly called if it is so agreed:

- (i) in the case of a meeting called as an annual general meeting, by all members of our Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together representing not less than ninety-five per cent (95%) of the total voting rights at the meeting of all the members.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of sanctioning dividends, the reading, considering and adopting of the accounts and balance sheet and the reports of the directors and auditor and other documents required to be annexed to the balance sheet, the election of directors and appointment of auditors and other officers in the place of those retiring, the fixing of the remuneration of the auditor, and the voting of remuneration or extra remuneration to the directors.

(j) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange (as defined in the Articles) or in such other form as the Board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferee in any case which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The Board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The Board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor shall shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in the Cayman Islands or such other place at which the principal register is kept in accordance with the Cayman Companies Law.

The Board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four (4) joint holders or a transfer of any share (not being a fully paid up share) on which our Company has a lien.

The Board may decline to recognise any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Articles) may determine to be payable or such lesser sum as the Board may from time to time require is paid to our Company in respect thereof, the instrument of transfer, if applicable, is duly and properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in a relevant newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Articles), at such times and for such periods as the Board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

(k) Power for our Company to purchase its own shares

Our Company is empowered by the Cayman Companies Law and the Articles to purchase its own Shares subject to certain restrictions and the Board may only exercise this power on behalf of our Company subject to any applicable requirements imposed from time to time by any Designated Stock Exchange (as defined in the Articles).

(l) Power for any subsidiary of our Company to own shares in our Company and financial assistance to purchase shares of our Company

There are no provisions in the Articles relating to ownership of shares in our Company by a subsidiary.

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Subject to compliance with the rules and regulations of the Designated Stock Exchange (as defined in the Articles) and any other relevant regulatory authority, our Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in our Company.

(m) Dividends and other methods of distribution

Subject to the Cayman Companies Law, our Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

The Articles provide dividends may be declared and paid out of the profits of our Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Cayman Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall be treated for the purpose of the Articles as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Board may deduct from any dividend or other monies payable to a member by our Company or in respect of any shares all sums of money (if any) presently payable by him to our Company on account of calls or otherwise.

Whenever the Board or our Company in general meeting has resolved that a dividend be paid or declared on any class of the share capital of our Company, the Board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof if the Board so determines) in cash in lieu of such allotment, or (b) that the members entitled to such dividend shall be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit. Our Company may also upon the recommendation of the Board by an ordinary resolution resolve in respect of any one particular dividend of our Company that a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of our Company in respect of the shares at his address as

appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to our Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or our Company in general meeting has resolved that a dividend be paid or declared the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one (1) year after having been declared may be invested or otherwise made use of by the Board for the benefit of our Company until claimed and our Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six (6) years after having been declared shall be forfeited by the Board and shall revert to our Company.

No dividend or other monies payable by our Company on or in respect of any share shall bear interest against our Company.

(n) Proxies

Any member of our Company entitled to attend and vote at a meeting of our Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of our Company or at a class meeting. A proxy need not be a member of our Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(o) Call on shares and forfeiture of shares

Subject to the Articles and to the terms of allotment, the Board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the Board may agree to accept from the day appointed for the

payment thereof to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced our Company may pay interest at such rate (if any) as the Board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the Board may serve not less than fourteen (14) clear days' notice on him requiring payment of the amount unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before payment of all calls and interest due in respect thereof has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited share but not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but nevertheless shall remain liable to pay to our Company all monies which, at the date of forfeiture, were presently payable by him to our Company in respect of the shares, with (if the Directors shall in their discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding twenty per cent. (20%) per annum as the Board determines.

(p) Inspection of register of members

Pursuant to the Articles the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the Board, at the registered office or such other place at which the register is kept in accordance with the Cayman Companies Law or, if appropriate, upon a maximum payment of HK\$1.00 or such lesser sum specified by the Board, at the Registration Office (as defined in the Articles), unless the register is closed in accordance with the Articles.

(q) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

Save as otherwise provided by the Articles the quorum for a general meeting shall be two (2) members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a

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separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two (2) persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting of our Company or at any relevant general meeting of any class of members of our Company.

(r) Rights of the minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of our Company under Cayman law, as summarised in paragraph 3(f) of this Appendix.

(s) Procedures on liquidation

A resolution that our Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if our Company shall be wound up and the assets available for distribution amongst the members of our Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if our Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If our Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Cayman Companies Law divide among the members in specie or kind the whole or any part of the assets of our Company whether the assets shall consist of property of one kind or shall consist of properties to be divided as aforesaid of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon

such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(t) Untraceable members

Pursuant to the Articles, our Company shall have the power to sell any of the shares of a member who is untraceable if (i) all cheques or warrants in respect of dividends of the shares in question (being not less than three (3) in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of twelve (12) years; (ii) upon the expiry of the twelve-year period, our Company has not during that time received any indication of the existence of the member; and (iii) our Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Articles) giving notice of its intention to sell such shares and a period of three (3) months, or such shorter period as may be allowed by the Designated Stock Exchange (as defined in the Articles), has elapsed since the date of such advertisement and the Designated Stock Exchange (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to our Company and upon receipt by our Company of such net proceeds, it shall become indebted to the former member of our Company for an amount equal to such net proceeds.

(u) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Cayman Companies Law, if warrants to subscribe for shares have been issued by our Company and our Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

Our Company is incorporated in the Cayman Islands subject to the Cayman Companies Law and, therefore, operates subject to Cayman law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Operations

As an exempted company, our Company's operations must be conducted mainly outside the Cayman Islands. Our Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

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(b) Share capital

The Cayman Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the “share premium account”. At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Cayman Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Cayman Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course business.

The Cayman Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the “Court”), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

The Articles includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) Financial assistance to purchase shares of a company or its holding company

Subject to all applicable laws, our Company may give financial assistance to Directors and employees of our Company, its subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy Shares in our Company or shares in any subsidiary or holding company. Further, subject to all applicable laws, our Company may give financial assistance to a trustee for the acquisition of Shares in our Company or shares in any such subsidiary or holding company to be held for the benefit of employees of our Company, its subsidiaries, any holding company of our Company or any subsidiary of any such holding company (including salaried Directors).

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

Subject to the provisions of the Cayman Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Cayman Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company shall be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company shall not be treated as a member for any purpose and shall not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share shall not be voted, directly or indirectly, at any meeting of the company and shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Cayman Companies Law. Further, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

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A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

With the exception of section 34 of the Cayman Companies Law, there is no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Cayman Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 2(m) above for further details).

(f) Protection of minorities

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

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Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Management

The Cayman Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company shall cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, our Company has obtained an undertaking from the Governor-in-Cabinet:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to our Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of our Company.

The undertaking for our Company is for a period of twenty years from 3 November 2015.

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to our Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Cayman Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of our Company will have no general right under the Cayman Companies Law to inspect or obtain copies of the register of members or corporate records of our Company. They will, however, have such rights as may be set out in our Company's Articles.

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register shall be kept in the same manner in which a principal register is by the Cayman Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time. There is no requirement under the Cayman Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(n) Winding up

A company may be wound up compulsorily by order of the Court voluntarily; or, under supervision of the Court. The Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting by special resolution, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or the event occurs on the occurrence of which the memorandum or articles provides that the company is to be dissolved, or, the company does not commence business for a year from its incorporation (or suspends its business for a year), or, the company is unable to pay its debts. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court, there may be appointed one or more than one person to be called an official liquidator or official liquidators; and the Court may appoint to such office such qualified person or persons, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court shall declare whether any act hereby required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court. A person shall be qualified to accept an appointment as an official liquidator if he is duly qualified in terms of the Insolvency Practitioners Regulations. A foreign practitioner may be appointed to act jointly with a qualified insolvency practitioner.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets. A declaration of solvency must be signed by all the directors of a company being voluntarily wound up within twenty-eight (28) days of the commencement of the liquidation, failing which, its liquidator must apply to Court for an order that the liquidation continue under the supervision of the Court.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval. A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them (*pari*

passu if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. At least twenty-one (21) days before the final meeting, the liquidator shall send a notice specifying the time, place and object of the meeting to each contributory in any manner authorised by the company's articles of association and published in the Gazette in the Cayman Islands.

(o) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(p) Compulsory acquisition

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(q) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW

4. GENERAL

Conyers Dill & Pearman, our Company's special legal counsel on Cayman Islands law, have sent to our Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Cayman Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix V to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP**1. Incorporation**

- (a) Our Company was incorporated in the Cayman Islands as an exempted limited liability company under the Cayman Companies Law on 8 October 2015. Our Company has established its principal place of business in Hong Kong at Block C, 5/F, Gee Hing Chang Industrial Building, No. 16 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong and has been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance. Mr Samson Fung of Block 24, The Riviera, 10 Pik Sha Road, Clearwater Bay, Hong Kong has been appointed as our agent for acceptance of service of process and notices on our Company in Hong Kong.
- (b) As our Company was incorporated in the Cayman Islands, our corporate structure and our Memorandum of Association and Articles of Association are subject to the relevant laws of the Cayman Islands. A summary of the relevant provisions of our Memorandum of Association and Articles of Association and certain relevant aspects of the Cayman Islands company law is set out in Appendix III to this prospectus.

2. Changes in share capital of our Company

The authorised share capital of our Company as at the date of its incorporation was HK\$380,000 divided into 38,000,000 Shares of par value of HK\$0.01 each. The following sets out the changes in our share capital since the date of our incorporation:

- (a) On 8 October 2015, one Share was allotted and issued fully paid to Sharon Pierson as the initial subscriber, which was transferred to HSSP for HK\$0.01 on the same date.
- (b) On 8 October 2015, 99 Shares were allotted and issued fully paid to HSSP at par value.
- (c) On 13 November 2015, in consideration of the transfer of all the issued share capital of Hang Sang (Siu Po) and A W Printing to Hang Sang (Siu Po) Holding (our wholly-owned subsidiary) by Mr Samson Fung and Mr David Fung, 4,000,000 Shares were allotted and issued to HSSP, credited as fully paid, at the direction of Mr Samson Fung and Mr David Fung.
- (d) On 26 April 2016, the authorised share capital of our Company was increased from HK\$380,000 to HK\$7,600,000 by the creation of an additional 722,000,000 new Shares under a resolution in writing passed by the sole Shareholder referred to in the paragraph headed “Written resolutions of the sole Shareholder” below.

The authorised share capital of our Company is HK\$7,600,000 divided into 760,000,000 Shares. Assuming that the Share Offer becomes unconditional, the Offer Shares and the Shares under the Capitalisation Issue are issued, immediately upon completion of the

Capitalisation Issue and the Share Offer but not taking into account of any Shares which may be issued under any options which may be granted under the Share Option Scheme, the issued share capital of our Company will be HK\$1,840,000 divided into 184,000,000 Shares fully paid or credited as fully paid, and 576,000,000 Shares will remain unissued.

Other than any options which may be granted under the Share Option Scheme, our Company does not have any present intention to issue any Shares out of the authorised but unissued share capital of our Company.

3. Changes in share capital of our subsidiaries

The subsidiaries of our Company are referred to in the Accountants' Report as set out in Appendix I to this prospectus. The following alterations in the share capital (or registered capital, as the case may be) of our subsidiaries have taken place within the two years preceding the date of this prospectus.

(a) Hang Sang (Siu Po)

On 13 November 2015, pursuant to the Reorganisation Agreement, Mr Samson Fung and Mr David Fung entered into instruments of transfer, and bought and sold notes with Hang Sang (Siu Po) Holding for the transfer of 62,000 shares and 38,000 shares, respectively, in Hang Sang (Siu Po) to Hang Sang (Siu Po) Holding in consideration of the allotment and issuance of 620,000 Shares and 380,000 Shares, respectively, credited as fully paid, by our Company at the direction of Mr Samson Fung and Mr David Fung, respectively.

(b) A W Printing

On 13 November 2015, pursuant to the Reorganisation Agreement, Mr Samson Fung and Mr David Fung entered into instruments of transfer, and bought and sold notes with Hang Sang (Siu Po) Holding for the transfer of 299,999 shares and one share, respectively, in A W Printing to Hang Sang (Siu Po) Holding in consideration of the allotment and issuance of 2,999,990 Shares and 10 Shares, respectively, credited as fully paid, by our Company at the direction of Mr Samson Fung and Mr David Fung, respectively.

(c) Hang Sang (Siu Po) Holding

On 8 October 2015, 100 shares of HK\$0.10 each in the share capital of Hang Sang (Siu Po) Holding were allotted and issued to our Company, credited as fully paid, for HK\$0.10 per share.

Save as disclosed in this prospectus, there has been no other alteration in the share capital of our subsidiaries within the two years immediately preceding the date of this prospectus.

4. Written resolutions of the sole Shareholder

Under the written resolutions of the sole Shareholder passed on 26 April 2016, the authorised share capital of our Company was increased from HK\$380,000 to HK\$7,600,000 by the creation of 722,000,000 new Shares which shall, when issued and paid, rank *pari passu* in all respects with the existing issued Shares (other than the participation in the Capitalisation Issue).

Under the written resolutions of the sole Shareholder passed on 26 April 2016:

- (a) conditional upon the conditions stated in the paragraph headed “Conditions of the Share Offer” under the section headed “Structure of the Share Offer” in this prospectus being fulfilled or waived:
 - (i) the Share Offer was approved and our Directors were authorised to allot and issue, and to approve the transfer of, such number of Offer Shares in connection with the Share Offer as they think fit, on the terms and subject to the conditions stated in this prospectus and the Application Forms;
 - (ii) conditional further on the Listing Committee of the Stock Exchange granting approval of the Share Option Scheme, the rules of the Share Option Scheme were approved and adopted, and our Directors or any committee established by our Board were authorised, at their sole discretion, to make such further changes to the Share Option Scheme as requested by the Stock Exchange and which they deem necessary and/or desirable and at their absolute discretion to grant options to subscribe for Shares under the Share Option Scheme up to the limits referred to in the Share Option Scheme and to allot, issue and deal with Shares under the exercise of any options which may be granted under the Share Option Scheme and to take all such action as they consider necessary, desirable and/or expedient to implement or give effect to the Share Option Scheme;
- (b) subject to the share premium account of our Company being credited as a result of the issue of Offer Shares under the Share Offer, our Directors are authorised to allot and issue a total of 133,999,900 Shares credited as fully paid at par to HSSP (the holder of Shares whose name appears on the register of members of our Company at the close of business on 26 April 2016 (or as it may direct) by way of capitalisation of the sum of HK\$1,339,999 standing to the credit of the share premium account of our Company, and the Shares to be allotted and issued under this resolution shall rank *pari passu* in all respects with the existing issued Shares (the “**Capitalisation Issue**”);
- (c) a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with Shares and to make or grant offers, agreements or options (including any warrants, bonds, notes and debentures conferring any rights to subscribe for or otherwise receive Shares) which might require Shares to be allotted and issued or dealt with subject to the requirement that the total number of the Shares so allotted and issued or agreed conditionally

or unconditionally to be allotted and issued, other than under (i) a Rights Issue (as defined below); (ii) any scrip dividend scheme or similar arrangement providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association; (iii) any specific authority granted by our Shareholders in general meeting; or (iv) the exercise of any options which may be granted under the Share Option Scheme, shall not exceed 20% of the number of issued Shares immediately following completion of the Capitalisation Issue and the Share Offer;

- (d) a general unconditional mandate was given to our Directors to exercise all powers of our Company to purchase on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the number of issued Shares immediately following completion of the Capitalisation Issue and the Share Offer, excluding Shares which may be issued under the exercise of any options which may be granted under the Share Option Scheme;
- (e) the general unconditional mandate as mentioned in paragraph (c) above was extended by the addition to the aggregate number of issued Shares which may be allotted and issued or agreed to be allotted and issued by our Directors under such general mandate of an amount representing the aggregate number of issued Shares purchased by our Company under the mandate to repurchase Shares referred to in paragraph (d) above;
- (f) our Company adopted the Memorandum of Association with immediate effect; and
- (g) our Company conditionally adopted the Articles of Association which shall become effective upon the Listing.

For the purposes of paragraph (c) above, “**Rights Issue**” means an offer of Shares or issue of options, warrants or other securities giving the right to subscribe for Shares open for a period fixed by our Directors to holders of Shares whose names appear on the register of members of our Company (and, where appropriate, to holders of other securities of our Company entitled to the offer) on a fixed record date in proportion to their then holdings of such Shares (or, where appropriate, such other securities) (subject in all cases to such exclusions or other arrangements as our Directors may deem necessary or expedient (but in compliance with the relevant provisions of the Listing Rules) in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to our Company).

Each of the general mandates referred to in paragraphs (c) and (d) above will remain in effect until the earliest of (1) the conclusion of the next annual general meeting of our Company; (2) the expiration of the period within which the next annual general meeting of our Company is required to be held by any applicable law or the Articles of Association; and (3) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in a general meeting.

For the general mandates referred to in paragraphs (c) to (e) above, if our Company conducts a share consolidation or subdivision after the above general mandates have been approved, the maximum number of Shares that may be issued or repurchased (as the case may be) under the relevant general mandate as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same.

5. Corporate reorganisation

In preparation for the Share Offer, we undertake the following reorganisation to rationalise the business and structure of our Group:

(a) Sale and purchase of Hang Sang (Siu Po)

On 13 November 2015, pursuant to the Reorganisation Agreement, and the instruments of transfer, and bought and sold notes between Mr Samson Fung, Mr David Fung and Hang Sang (Siu Po) Holding, Hang Sang (Siu Po) Holding purchased the entire issued share capital in Hang Sang (Siu Po) (that is, 62,000 shares held by Mr Samson Fung and 38,000 shares held by Mr David Fung) in consideration of our Company allotting and issuing 1,000,000 Shares, all credited as fully paid, to HSSP as directed by Mr Samson Fung and Mr David Fung.

(b) Sale and purchase of A W Printing

On 13 November 2015, pursuant to the Reorganisation Agreement, and the instruments of transfer, and bought and sold notes between Mr Samson Fung, Mr David Fung and Hang Sang (Siu Po) Holding, Hang Sang (Siu Po) Holding purchased the entire issued share capital in A W Printing (that is, 299,999 shares held by Mr Samson Fung and one share held by Mr David Fung) in consideration of our Company allotting and issuing 3,000,000 Shares, all credited as fully paid, to HSSP as directed by Mr Samson Fung and Mr David Fung.

- (c) Set out below is the structure of our Group immediately following the Reorganisation:



- (d) Following the Reorganisation, our Company became the holding company of our Group. The shareholding structure of the members of our Group upon completion of the Reorganisation, the Capitalisation Issue and the Share Offer is set out in “History, Development and Reorganisation – Group structure”.

6. Repurchase of our own securities

This section includes information relating to the repurchase of our Shares, including information required by the Stock Exchange to be included in this prospectus concerning such repurchase.

(a) Relevant legal and regulatory requirements

The Listing Rules permit our Shareholders to grant to our Directors a general mandate to repurchase our Shares that are listed on the Stock Exchange. The mandate is required to be given by way of an ordinary resolution passed by our Shareholders in a general meeting.

(b) Shareholders' approval

All proposed repurchases of Shares (which must be fully paid up) must be approved in advance by ordinary resolutions of our Shareholders in a general meeting, either by way of general mandate or by specific approval of a particular transaction.

On 26 April 2016, our Directors were granted a general unconditional mandate to repurchase up to 10% of the number of issued Shares immediately following the Capitalisation Issue and the Share Offer (excluding Shares which may be allotted and issued under any options which may be granted under the Share Option Scheme) on the Stock Exchange or on any other stock exchange on which our securities may be listed and which is recognised by the SFC and the Stock Exchange for this purpose. This mandate will expire at the earliest of (i) the conclusion of our next annual Shareholders' general meeting, (ii) the date by which our next Shareholders' general meeting is required by applicable laws and our Articles of Association to be held, or (iii) such mandate being revoked or varied by ordinary resolutions of our Shareholders in a general meeting (the **"Relevant Period"**).

(c) Source of funds

Our repurchase of the Shares listed on the Stock Exchange must be funded out of funds legally available for the purpose in accordance with our Memorandum of Association and Articles of Association and the applicable laws of the Cayman Islands. We may not repurchase our Shares on the Stock Exchange for consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, we may make repurchases out of our profit, out of our share premium account or out of the proceeds of a fresh issue of Shares for the purpose of the repurchase. Any amount of premium payable on the purchase over the par value of our Shares to be repurchased must be out of either or both of the profits of our Company or out of our Company's share premium account. If authorised by our Articles of Association and subject to the Cayman Companies Law, repurchase may also be made out of capital.

(d) Reasons for repurchases

Our Directors believe that it is in our and our Shareholders' best interests for our Directors to have general authority to execute repurchases of our Shares in the market. The repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets per Share and/or earnings per Share and will only be made where our Directors believe that the repurchases will benefit us and our Shareholders.

(e) Funding of repurchases

In repurchasing securities, we may only apply funds legally available for such purpose in accordance with our Memorandum of Association, Articles of Association, the Listing Rules, the Cayman Companies Law and the applicable laws of the Cayman Islands.

On the basis of the current financial position of our Company as disclosed in this prospectus and taking into account the current working capital position of our Company, our Directors believe that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on our working capital and/or the gearing position as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of our Directors are from time to time appropriate for us.

(f) Share capital

The exercise in full of the current Repurchase Mandate, on the basis of 184,000,000 Shares in issue immediately after the Capitalisation Issue and the Share Offer (without taking into account the exercise of any options which may be granted under the Share Option Scheme), could accordingly result in up to 18,400,000 Shares being repurchased by us during the Relevant Period.

(g) General

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules) currently intends to sell any of our Shares to us.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, our Memorandum of Association and Articles of Association, the Cayman Companies Law and any other applicable laws of the Cayman Islands.

If, as a result of any repurchase of our Shares, a Shareholder's proportionate interest in our voting rights is increased, the increase will be treated as an acquisition for the purpose of the Codes on Takeovers and Mergers and Share Buy-backs (the

“Takeovers Code”). Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of us and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences of repurchases which would arise under the Takeovers Code.

No core connected person (as defined in the Listing Rules) of our Company has notified us that he or it has a present intention to sell his or its Shares to us, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this prospectus that are or may be material:



- (a) the share sale and purchase agreement dated 13 November 2015 entered into between Mr Samson Fung, Mr David Fung, Hang Sang (Siu Po) Holding, our Company and HSSP, and (i) the instrument of transfer dated 13 November 2015, and the bought and sold notes dated 13 November 2015 entered into between Mr Samson Fung and Hang Sang (Siu Po) Holding for the transfer of 62,000 shares in Hang Sang (Siu Po) to Hang Sang (Siu Po) Holding in consideration of our Company allotting and issuing 620,000 Shares to HSSP, and (ii) the instrument of transfer dated 13 November 2015, and the bought and sold notes dated 13 November 2015 entered into between Mr David Fung and Hang Sang (Siu Po) Holding for the transfer of 38,000 shares in Hang Sang (Siu Po) to Hang Sang (Siu Po) Holding in consideration of our Company allotting and issuing 380,000 Shares to HSSP;
- (b) (i) the instrument of transfer dated 13 November 2015, and the bought and sold notes dated 13 November 2015 entered into between Mr Samson Fung and Hang Sang (Siu Po) Holding for the transfer of 299,999 shares in A W Printing to Hang Sang (Siu Po) Holding in consideration of our Company allotting and issuing 2,999,990 Shares to HSSP; and (ii) the instrument of transfer dated 13 November 2015, and the bought and sold notes dated 13 November 2015 entered into between Mr David Fung and Hang Sang (Siu Po) Holding for the transfer of one share in A W Printing to Hang Sang (Siu Po) Holding in consideration of our Company allotting and issuing 10 Shares to HSSP;
- (c) the deed of indemnity dated 26 April 2016 given by our Controlling Shareholders (being HSSP, Mr Samson Fung and Mr David Fung) in favour of our Company (for itself and as trustee for our subsidiaries), pursuant to which HSSP, Mr Samson Fung and Mr David Fung jointly and severally provided indemnities regarding taxation and other matters for the benefit of our Company (for itself and as trustee for our subsidiaries);

- (d) the Deed of Non-competition dated 26 April 2016 given by our Controlling Shareholders (being HSSP, Mr Samson Fung and Mr David Fung) in favour of our Company (for itself and as trustee for the benefit of our subsidiaries) regarding the non-competition undertakings as more particularly set out in the section headed “Relationship with Controlling Shareholders” in this prospectus; and
- (e) the Public Offer Underwriting Agreement dated 29 April 2016 entered into among our Controlling Shareholders, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Public Offer Underwriters and our Company in relation to the underwriting of the Public Offer by the Public Offer Underwriters as referred to in the section headed “Underwriting” in this prospectus.

2. Intellectual property rights

- (a) Trade marks

As at the Latest Practicable Date, we had the following trade mark applications in Hong Kong:

Trade mark	Class(es) ^(Notes)	Application number	Application date
	40	303538477	16 September 2015
	16 and 40	303538486	16 September 2015
恆生	40	303538503	16 September 2015
恆生(兆保)	16 and 40	303538512	16 September 2015

Notes:

- (1) Specification of goods/services under class 16: Paper, cardboard and goods made from these materials, not included in other classes; printed matter; bookbinding material; photographs; stationery; adhesives for stationery or household purposes; artists’ materials; paint brushes; typewriters and office requisites (except furniture); instructional and teaching material (except apparatus); plastic materials for packaging (not included in other classes); printers’ type; printing blocks; paper band; blister card; paper box; care label; paper flasher; paper hanger; paper hangtag; cards; matchbook; price ticket; size tapes; stickers; name cards.
- (2) Specification for goods/services under class 40: Printing services; treatment of materials.

(b) Domain names

As at the Latest Practicable Date, our Group had registered the following domain names:

Domain name	Name of registered proprietor	Expiry date
www.hangsangpress.com	Hang Sang (Siu Po) Press Company Limited	1 August 2021
www.awhkg.com	A W Printing & Packaging Limited	9 June 2021

C. FURTHER INFORMATION ABOUT OUR DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND EXPERTS

1. Disclosure of interests

(i) Long position in Shares

Immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account any options which may be granted under the Share Option Scheme), the interests of our Directors and chief executives of our Company in the equity or debt securities of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, under section 352 of the SFO, to be entered in the register referred to in that section, or under the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, to be notified to our Company and the Stock Exchange, in each case, once the Shares are listed will be as follows:

Name of Director	Nature of interest	Number and class of securities ¹	Approximate percentage of interest in our Company immediately after the Capitalisation Issue and the Share Offer
Mr Samson Fung	Interest in a controlled corporation ²	138,000,000 Shares (L)	75%
Mr David Fung	Interest in a controlled corporation ²	138,000,000 Shares (L)	75%

Notes:

- 1 The letter “L” denotes the person’s long position in such Shares.
- 2 Mr Samson Fung and Mr David Fung are the beneficial owners of 62% and 38%, respectively, of the issued share capital of HSSP and are deemed to be interested in the Shares held by HSSP by virtue of Mr Samson Fung and Mr David Fung being entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of HSSP.

(ii) Long position in the shares of associated corporation

Name of Director	Name of associated corporation	Capacity/ nature	Number of shares held/ interested	Percentage of shareholding
Mr Samson Fung	HSSP	Beneficial interest	62	62%
Mr David Fung	HSSP	Beneficial interest	38	38%

2. Substantial shareholders

So far as our Directors are aware, immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account any options which may be granted under the Share Option Scheme), the following persons will have an interest or short position in Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any of our subsidiaries:

Name of Shareholder	Nature of interest	Number of Share¹	Approximate percentage of interest in our Company immediately after the Capitalisation Issue and the Share Offer
HSSP	Beneficial interest	138,000,000 Shares (L)	75%
Mr Samson Fung	Interest in a controlled corporation ²	138,000,000 Shares (L)	75%

Name of Shareholder	Nature of interest	Number of Share ¹	Approximate percentage of interest in our Company immediately after the Capitalisation Issue and the Share Offer
Mr David Fung ³	Interest in a controlled corporation ²	138,000,000 Shares (L)	75%

Notes:

- 1 The letter "L" denotes the person's long position in such Shares.
- 2 Mr Samson Fung and Mr David Fung are the beneficial owners of 62% and 38%, respectively, of the issued share capital of HSSP and are deemed to be interested in the Shares held by HSSP by virtue of Mr Samson Fung and Mr David Fung being entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of HSSP.
- 3 Ms Shu Yau Chun Jan is the spouse of Mr David Fung and is deemed to be interested in the Shares in which Mr David Fung has, or is deemed to have, an interest.

3. Particulars of service agreements

(a) Executive Directors

Each of the executive Directors has entered into a service agreement with our Company under which they agreed to act as executive Directors for an initial term of three years commencing from 1 December 2015. Either party has the right to give not less than three months' written notice to terminate the respective service agreement.

Each of the executive Directors is entitled to a salary and bonus payment, allowance and benefits-in-kind, at the discretion of our Board. The aggregate annual salary (including directors' quarters) of the three executive Directors is approximately HK\$4.4 million.

(b) Independent non-executive Directors

Each of the independent non-executive Directors has entered into an appointment letter with our Company on 26 April 2016 for an initial term of two years. The aggregate annual fees payable to our three independent non-executive Directors under the appointment letters is HK\$360,000.

(c) Remuneration of Directors

- (1) The aggregate amount of remuneration paid and benefits-in-kind granted to our Directors in respect of each of the years ended 30 June 2013, 2014 and 2015, were approximately HK\$3.6 million, HK\$3.6 million and HK\$3.6 million, respectively.
- (2) Under the existing arrangements currently in force, the aggregate remuneration payable to and benefits-in-kind received by our Directors in respect of the year ending 30 June 2016 are estimated to be approximately HK\$4.4 million.

Save as disclosed in this prospectus, none of our Directors has or is proposed to have a service contract with any member of our Group other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

4. Fees or commissions received

Save as disclosed in this prospectus, none of our Directors nor any of the persons whose names are listed in the paragraph headed “Consents” in this appendix had received any commissions, discounts, agency fee, brokerages or other special terms in connection with the issue or sale of any capital of our Company or any of our subsidiaries from our Company within the two years preceding the date of this prospectus.

5. Related party transactions

During the Track Record Period, we were engaged in related party transactions as described under the section headed “Connected Transactions” and note 25 of section II to the Accountants’ Report set out in Appendix I to this prospectus.

6. Interest in our five largest suppliers or customers

Save as disclosed in this prospectus, none of our Directors nor their close associates, nor any Shareholder (which to the knowledge of our Directors owns more than 5% of our Company’s share capital) has any interest in our five largest suppliers or our five largest customers.

D. SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted under the written resolutions of our sole Shareholder passed on 26 April 2016:

1. Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to provide an incentive for the Participant (defined below) to work with commitment towards enhancing the value of our Company and our Shares for the benefit of our Shareholders and to attract and retain persons whose contribution is or may be beneficial to the growth and development of our Group.

2. Participants of the Share Option Scheme and the basis of determining the eligibility of the participants

Our Board may at its discretion grant options to (i) any executive director, or employee (whether full time or part time) of our Company, any member of our Group or any entity in which any member of our Group holds any equity interest (“**Invested Entity**”); (ii) any non-executive directors (including independent non-executive directors) of our Company, any member of our Group or any Invested Entity ((i) and (ii) collectively, the “**Eligible Employees**”); (iii) any supplier of goods or services to our Company, any member of our Group or any Invested Entity; (iv) any customer of our Company, any member of our Group or any Invested Entity; and (v) any such persons (including but not limited to consultants, advisers, contractors, business partners or service providers of our Company or any member of our Group or any Invested Entity) who in the absolute discretion of the Board has contributed or will contribute to our Group (individually, the “**Participant**”, and collectively, the “**Participants**”).

3. Status of the Share Option Scheme

(a) Conditions of the Share Option Scheme

The Share Option Scheme shall take effect subject to: (i) the passing of the necessary resolutions by our Shareholders to approve and adopt the Share Option Scheme and to authorise our Board to grant options under the Share Option Scheme and to allot and issue Shares pursuant to the exercise of any options under the Share Option Scheme; (ii) the Listing Committee approving the listing of, and permission to deal in, any Shares to be allotted and issued under the exercise of options under the Share Option Scheme; and (iii) the commencement of dealing in the Shares on the Stock Exchange (the “**Conditions**”).

Application has been made to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Shares which fall to be issued under the exercise of any options which may be granted under the Share Option Scheme.

(b) Life of the Share Option Scheme

The Share Option Scheme shall be valid and effective for 10 years (the “**Scheme Period**”) from the date on which the last of the Conditions is fulfilled, after which time no further option may be granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects.

4. Grant of options

(a) Making of offer

An offer of the grant of an option shall be made to a Participant in writing (the “**Offer Letter**”) in such form as our Board may in its sole and absolute discretion from time to time determine, requiring the Participant to undertake to hold the option on the terms on which it is to be granted and to be bound by the provisions of the Share Option Scheme (including any operational rules made under the Share Option Scheme). The offer shall remain open for acceptance for a period of five Business Days (as defined in Chapter 1 of the Listing Rules) from the date on which it is made provided that no such offer shall be open for acceptance after the expiry of the Scheme Period or after the termination of the Share Option Scheme. Unless otherwise determined by our Board and stated in the Offer Letter, there shall be no general performance target for the vesting or exercise of options.

(b) Acceptance of an offer

An option shall be deemed to have been accepted and to have taken effect when the duplicate letter comprising acceptance of the option duly signed by the Participant (the “**Grantee**”) together with a remittance in favour of our Company of HK\$1 by way of consideration for the grant of the option shall have been received by our Company on or before the last day for acceptance set out in paragraph 4(a) above. The remittance is not in any circumstances refundable. Once accepted, the option is granted as from the date on which it was offered to the relevant Grantee.

(c) Restrictions on time of grant

- (i) No grant of options shall be made after inside information has come to the knowledge of our Company until it has announced the information. In particular, no option shall be granted during the period commencing one month immediately preceding the earlier of:

- (1) the date of our Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for the approval of our Company’s results for any year, half-year or quarterly or any other interim period (whether or not required under the Listing Rules); and
- (2) the deadline for our Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement. The period during which no option may be granted will cover any period of delay in the publication of a results announcement.

- (ii) No grant of options shall be made to a Participant who is a Director during a period in which our Directors are prohibited from dealing in Shares under the Model Code for Securities Transactions by Directors of Listed Issuers or our Company's own equivalent code.

(d) Grant to related persons

Any grant of options to a Director, chief executive or substantial shareholder of our Company, or any of their respective associates, must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is also a proposed Grantee of the options).

(e) Grants to substantial shareholders and independent non-executive Directors

Without prejudice to paragraph 4(d) above, any grant of options to a substantial shareholder or an independent non-executive Director or any of their respective associates must be approved by our Shareholders in general meeting if the Shares issued and to be issued upon exercise of all options already granted and proposed to be granted to him (whether exercised, cancelled or outstanding) in the 12-month period up to and including the proposed date of such grant:

- (i) would represent in aggregate more than 0.1% of the Shares then in issue; and
- (ii) would have an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million (or such other amount as shall be permissible under the Listing Rules from time to time).

(f) Proceedings in general meeting to approve the grant of option

At the general meeting to approve the proposed grant of options under paragraph 4(e), the Grantee, his associates and all core connected persons of our Company must abstain from voting unless he intends to vote against the proposed grant. At such general meeting, the vote to approve the grant of such options must be taken on a poll in accordance with the relevant provisions of the Listing Rules.

5. Subscription price

The price per Share at which a Grantee may subscribe for Shares upon exercise of an option (the “**Subscription Price**”) shall, subject to any adjustment under paragraph 7 below, be a price determined by our Board but in any event shall be at least the highest of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets on the date on which the option is offered (the “**Offer Date**”);
- (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five Business Days immediately preceding the Offer Date; and

(iii) the nominal value of the Shares,

except that for the purpose of calculating the Subscription Price under paragraph 5(ii) above for an option offered within five Business Days of the Listing Date, the price at which the Shares are to be offered for subscription under the Share Offer shall be used as the closing price for any Business Day falling within the period before the Listing Date.

6. Maximum number of Shares available for subscription

(a) Scheme Mandate

Subject to paragraphs 6(b) and 6(c) below, the maximum number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of our Company shall not in aggregate exceed the number of Shares as shall represent 10% of the total number of Shares in issue as at the Listing Date (the “**Scheme Mandate**”) which is expected to be 18,400,000 Shares. For the purpose of calculating the Scheme Mandate, options which have lapsed in accordance with the terms of the relevant scheme shall not be counted in calculating the 10% limit.

(b) Renewal of Scheme Mandate

Our Company may seek approval by our Shareholders in general meeting for renewing the Scheme Mandate provided that the total number of Shares in respect of which options may be granted under the Share Option Scheme and any other schemes of our Company under the Scheme Mandate as renewed must not exceed 10% of the total number of Shares in issue as at the date of Shareholders’ approval. Options previously granted under the Share Option Scheme and any other share option schemes of our Company, whether outstanding, cancelled or lapsed in accordance with its applicable rules or already exercised, will not be counted for the purpose of calculating the limit as renewed.

For the purpose of seeking the approval of our Shareholders under this paragraph 6(b), a circular containing the information required under Rules 17.02(2)(c) and (d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules must be sent to our Shareholders.

(c) Grant of options beyond Scheme Mandate

Our Company may seek separate approval by our Shareholders in general meeting for granting options beyond the Scheme Mandate provided that the options in excess of the Scheme Mandate are granted only to Participants who are specifically identified before such approval is sought.

For the purpose of seeking the approval of our Shareholders under this paragraph 6(c), our Company must send a circular to our Shareholders containing a generic description of the specified Participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting such options to the

Participants with an explanation as to how the terms of options serve such purpose and the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer as required under Rule 17.02(4) of the Listing Rules.

(d) Maximum number of Shares issued under Options

Notwithstanding anything to the contrary in the Share Option Scheme, the maximum limit on the number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of our Company must not exceed such number of Shares as shall represent 30% of the Shares in issue from time to time. No options may be granted if such grant will result in this 30% limit being exceeded.

Shares issued or transferred under options or other rights granted upon assumption of, or in substitution for, outstanding awards previously granted by a company or other entity acquired by our Company or with which our Company combines shall not count against the limits in this paragraph 6(d).

(e) Grantee's maximum holding

Unless approved by our Shareholders in general meeting in the manner prescribed in the Listing Rules, our Board shall not grant options to any Grantee if the acceptance of those options would result in the total number of Shares issued and to be issued to that Grantee on exercise of his options during any 12-month period exceeding 1% of the total Shares then in issue.

Where any further grant of options to a Grantee, if exercised in full, would result in the total number of Shares already issued or to be issued upon exercise of all options granted and to be granted to such Grantee (including exercised, cancelled and outstanding options) in any 12-month period up to and including the date of such further grant exceeding 1% of the total number of Shares in issue, such further grant must be separately approved by our Shareholders in general meeting with such Grantee and his close associates (and his associates if the Grantee is a connected person) abstaining from voting. Our Company must send a circular to our Shareholders and the circular must disclose the identity of the Participant, the number and terms of the options to be granted and options previously granted to such Participant and the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules. The number and terms (including the Subscription Price) of the options to be granted to such Participant must be fixed before our Shareholders' approval. The date of the meeting of our Board for proposing such further grant of option should be taken as the date of grant for the purpose of calculating the Subscription Price.

7. Reorganisation of capital structure**(a) Adjustment of options**

If there is any alteration in the capital structure of our Company whilst any option becomes or remains exercisable (whether that alteration is by way of capitalisation issue, rights issue, consolidation, subdivision or reduction of the share capital of our Company but not including an issue of Shares as consideration in respect of a transaction to which our Company is a party), our Board shall make (and shall notify to the Grantee) such corresponding adjustments (if any) to:

- (i) the number and description of Shares subject to any option so far as such option remains unexercised;
- (ii) the Subscription Price;
- (iii) the method of exercise of the option; and/or
- (iv) the number of Shares subject to the Share Option Scheme,

that are required to give each Grantee the same proportion of the share capital as that to which the Grantee was previously entitled (as interpreted in accordance with the Supplementary Guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes and relevant guidelines or guidance as may be issued by the Stock Exchange from time to time), but not so that the effect would be to enable any Share to be issued to a Grantee at less than its nominal value, provided that no adjustments to the Subscription Price and number of Shares should be made to the advantage of the Participants without specific prior approval of our Shareholders.

(b) Auditor's or independent financial adviser certificate

On any capital reorganisation other than a capitalisation issue, the auditor of our Company or an independent financial adviser shall certify in writing to our Board that the adjustments made by our Board under paragraph 7(a) above are in their opinion fair and reasonable.

8. Cancellation of options

Subject to the consent from the relevant Grantee, our Board may at its discretion cancel options previously granted to and yet to be exercised by a Grantee for the purpose of re-issuing new options to that Grantee provided that there are sufficient available unissued options under the Scheme Mandate as renewed from time to time (excluding such cancelled options) in accordance with the terms of the Share Option Scheme.

9. Assignment of options

An option is personal to the Grantee and shall not be transferable or assignable. No Grantee shall sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any option or attempt to do so (except that the Grantee may nominate a nominee, of which the Grantee is the sole beneficial owner, in whose name the Shares issued under the Share Option Scheme may be registered provided that evidence of such trust arrangement between the Grantee and the nominee has been provided to the satisfaction of, and on terms acceptable by, our Board).

10. Rights attached to the Shares

The Shares to be allotted and issued upon exercise of an option will be subject to all the provisions of our Articles of Association and will rank *pari passu* with the fully paid Shares in issue as from the day when the name of the Grantee is registered on the register of members of our Company (the “**Registration Date**”). Accordingly, the Shares will entitle the holders to participate in all dividends or other distributions paid or made on or after the Registration Date other than any dividends or other distributions previously declared or recommended or resolved to be paid or made with respect to a record date which is before the Registration Date.

A Share issued upon the exercise of an option shall not carry any voting rights until the registration of the Grantee or his nominee as the holder of the Share on the register of members of our Company.

11. Exercise of options

(a) General

The period during which an option may be exercised in accordance with the terms of the Share Option Scheme (the “**Option Period**”) shall be the period of time to be notified by our Board to each Grantee, which our Board may in its sole and absolute discretion determine, save such period shall not be more than ten years commencing on the Offer Date.

(b) Rights of Grantee upon his retirement or death

If the Grantee ceases to be a Participant by reason of retirement or death the Grantee or his legal personal representative shall be entitled within a period of 12 months from the date of retirement or death (or within such longer period as our Board may determine) to exercise the option (to the extent it has become exercisable and not already exercised).

(c) Rights of Grantee upon his cessation of employment under certain circumstances

If the Grantee ceases to be a Participant for any reason other than his retirement or death or the termination of his employment on one or more of the grounds specified in paragraph 12(iv) below the Grantee may exercise the option (to the extent it has become exercisable and not already exercised) up to the date of cessation.

(d) Rights on a takeover

In the event of a general offer, whether by way of take-over offer, scheme of arrangement or otherwise, is made to all the holders of Shares, or all such holders other than the offeror and its concert parties and persons controlled by the offeror and the offer becomes or is declared unconditional, the Grantee shall be entitled to exercise the option (to the extent it has become exercisable and not already exercised) at any time before the expiry of the period of five Business Days following the date on which the offer becomes or is declared unconditional.

(e) Rights on a voluntary winding up

In the event a notice is given by our Company to our Shareholders to convene a general meeting for the purpose of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it despatches such notice to each of our Shareholders give notice to all Grantees (together with a notice of the existence of the provisions of this paragraph 11(e)). Upon receipt of such notice, each Grantee shall be entitled to exercise all or any of the option (to the extent such option has become exercisable and not already exercised) at any time not later than two Business Days before the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given. Upon receipt of such notice together with the remittance by our Company, our Company shall as soon as possible and, in any event, no later than the Business Day immediately before the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid. The allotted Shares shall rank *pari passu* with all other Shares in issue on the date before the passing of the resolution to wind-up our Company to participate in the distribution of assets of our Company available in liquidation.

(f) Rights on a compromise or arrangement

If a compromise or arrangement between our Company and our Shareholders or creditors is proposed in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies, our Company shall give notice to the Grantee on the same day as it gives notice of the meeting to its shareholders or creditors to consider the compromise or arrangement. Upon receipt of the notice, the Grantee may, during the period commencing on the date of the notice and ending on the earlier of:

- (i) the date two calendar months after the date of the notice; and

- (ii) the date on which such compromise or arrangement is sanctioned by the court,

exercise the option (to the extent it has become exercisable and not already exercised), conditional upon the compromise or arrangement being sanctioned by the court and becoming effective. With effect from the date of such meeting, the rights of all Grantees to exercise their respective options shall immediately be suspended. Our Company may require the Grantees to transfer or otherwise deal with the Shares issued as a result of the exercise of options in these circumstances so as to place the Grantees in the same position as nearly as would have been the case had such Shares been subject to the compromise or arrangement. If for any reason such compromise or arrangement is not approved by the court (whether upon the terms presented to the court or upon any other terms as may be approved by such court) the rights of Grantees to exercise their respective options shall with effect from the date of the making of the order by the court be restored in full and shall upon the making of the order become exercisable (but subject to the other terms of the Share Option Scheme) as if such compromise or arrangement had not been proposed by our Company and no claim shall lie against our Company or any of its officers for any loss or damage sustained by any Grantee as a result of the aforesaid suspension.

12. Lapse of options

An option whether vested or unvested shall lapse automatically (to the extent not already exercised) on the earliest of:

- (i) the expiry of the Option Period;
- (ii) the expiry of the periods referred to in paragraphs 11(b) to (d) above;
- (iii) the date of the commencement of the winding-up of our Company in respect of the situation contemplated by paragraph 11(e) above;
- (iv) the date the scheme or compromise referred to in paragraph 11(f) above becomes effective;
- (v) the date on which the Grantee (being an employee) ceases to be a Participant by reason of the termination of his employment on any one or more of the following grounds:
 - (a) that he has been guilty of misconduct;
 - (b) that he has committed an act of bankruptcy or has become insolvent or has made an arrangement or composition with creditors generally;
 - (c) that he has been convicted of a criminal offence involving his integrity or honesty; or

- (d) on any other ground on which an employer would be entitled to immediately terminate his employment pursuant to applicable laws or under the Grantee's employment contract.

A resolution of our Board or the board of directors of the relevant subsidiary or of the Invested Entity to the effect that the employment of a Grantee has or has not been terminated on one or more of the grounds specified in this paragraph 12(v) shall be conclusive;

- (vi) in respect of a Grantee (being an employee) who ceases to be engaged by our Group the Invested Entity by reasons other than termination of employment on grounds under paragraph 12(v) above, the last date on which such Grantee was at work with our Group or the Invested Entity (whether salary is paid in lieu of notice or not);
- (vii) the date on which the Grantee commits a breach of paragraph 9 above;
- (viii) if an option was granted subject to certain conditions, restrictions or limitation, the date on which our Board resolves that the Grantee has failed to satisfy or comply with such conditions, restrictions or limitation;
- (ix) where the Grantee is a supplier, consultant or adviser (whether an individual or a corporation), the date on which our Board resolves that such Grantee ceases to be qualified as a Participant by reason of (a) termination of its business relationship with the relevant member of our Group or (b) its failure to comply with the provisions of the relevant contracts, or breaches its fiduciary duties under the common law or (c) on other grounds as our Board considers appropriate; and
- (x) the occurrence of such event or expiry of such period as may have been specifically provided for in the Offer Letter.

13. Amendment of the Share Option Scheme

- (a) Amendments requiring Board approval

Any amendment to the Share Option Scheme other than those set out in paragraph 13(b) below must be approved by the majority of our Board or the scheme administrator of our Company.

- (b) Amendments requiring Shareholder approval

Subject to paragraphs 13(c) and (d), the following matters require the prior sanction of a resolution of our Shareholders in general meeting:

- (i) any change to the provisions relating to:
 - (1) the purpose of the Share Option Scheme;

- (2) the definitions of “Grantee”, “Option Period”, “Participant” and “Scheme Period” contained in the Share Option Scheme;
- (3) the provisions relating the Scheme Period, the basis of eligibility for options, the making of offer, the contents of offer letter, the acceptance of an option, the Subscription Price, granting options to connected persons, the exercise of options, the lapse of options, the maximum number of Shares available for subscription, cancellation of options, reorganisation of capital structure, and termination and amendments of the Share Option Scheme,

which operates to the advantage of Participants or Grantees;

- (ii) any change to the authority of our Board or the scheme administrator;
 - (iii) any amendment to the terms and conditions of the Share Option Scheme which are of a material nature; and
 - (iv) any amendment to the terms of options granted except where such amendment takes effect automatically under the existing terms of the Share Option Scheme.
- (c) Amendments requiring the super majority consent from the Grantees

Notwithstanding any approval obtained under paragraph 13(b) above, no amendment shall operate to adversely affect the terms of issue of any option granted or agreed to be granted before such amendment except with the consent or sanction in writing of such number of Grantees that together hold options in respect of not less than three-fourths in nominal value of all Shares then subject to the options may be granted under the Share Option Scheme, except where such amendment takes effect automatically under the existing terms of the Share Option Scheme.

- (d) Amendments requiring the approval of the Stock Exchange

Any amendment to the terms and conditions of the Share Option Scheme which are of a material nature shall first be approved by the Stock Exchange except where such amendment takes effect automatically under the existing terms of the Share Option Scheme.

14. Termination

Our Company may at any time terminate the operation of the Share Option Scheme by resolution of our Board or resolution of our Shareholders in general meeting and in such event no further options will be offered but the provisions of the Share Option Scheme shall remain in force in all other respects. All options granted before the termination and yet to be exercised shall continue to be valid and exercisable in accordance with the terms of the Share Option Scheme.

As at the date of this prospectus, no option has been granted by our Company under the Share Option Scheme.

E. OTHER INFORMATION

1. Tax and other indemnity

Our Controlling Shareholders (the “**Indemnifiers**”) have entered into a deed of indemnity dated 26 April 2016 (“**Deed of Indemnity**”) with and in favour of our Company (for itself and as trustee for each of its present subsidiaries) (being the material contract (c) referred to in the section headed “B. Further information about our business – 1. Summary of material contracts”) to provide indemnities on a joint and several basis, in respect of, among other matters:

- (a) any liability for Hong Kong estate duty which might be incurred by any member of our Group by reason of any transfer of property (within the meaning of sections 35 and 43 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) or the equivalent thereof under the laws of any jurisdiction outside Hong Kong) to any member of our Group at any time on or before the Listing; and
- (b) tax liabilities (including all fines, penalties, costs, charges, expenses and interests incidental or relating to taxation) which might be payable by any member of our Group in respect of any income, profits, gains, transactions, events, matters or things earned, accrued, received, entered into or occurring on or before the Listing Date, whether alone or in conjunction with any other circumstances whenever occurring and whether or not such tax liabilities are chargeable against or attributable to any other person, firm, company or corporation.

The Indemnifiers are under no liability under the Deed of Indemnity in respect of any taxation:

- (a) to the extent that provision or reserve has been made for such taxation in the audited accounts of any member of our Group for any accounting period up to 31 October 2015;
- (b) to the extent that such taxation or liability falling on any of the members of our Group in respect of any accounting period commencing on or after 1 November 2015 and ending on the Listing Date, where such taxation or liability would not have arisen but for some act or omission of, or transaction voluntarily entered into by, any member of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) without the prior written consent or agreement of the Indemnifiers, other than any such act, omission or transaction:
 - (i) carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets on or before the Listing Date; and

- (ii) carried out, made or entered into pursuant to a legally binding commitment created on or before the Listing Date or pursuant to any statement of intention made in this prospectus; or
- (c) to the extent that such taxation liabilities or claim arise or are incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law, rules and regulations or the interpretation or practice thereof by the Hong Kong Inland Revenue Department, or any other relevant authority (whether in Hong Kong or any other part of the world) coming into force after the date of the Deed of Indemnity or to the extent such claim arises or is increased by an increase in rates of taxation or claim after the date of the Deed of Indemnity with retrospective effect; or
- (d) to the extent that any provision or reserve made for taxation in the audited accounts of any member of our Group up to 31 October 2015 which is finally established to be an over-provision or an excessive reserve, in which case the Indemnifiers' liability (if any) in respect of taxation shall be reduced by an amount not exceeding such provision or reserve, provided that the amount of any such provision or reserve applied referred to in this paragraph to reduce the Indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising thereafter.

Pursuant to the Deed of Indemnity, the Indemnifiers have undertaken to us that they will indemnify and at all times keeps us fully indemnified, on a joint and several basis, from all claims, payments, suits, damages, settlements, payments, fines, actions, liabilities and any associated costs and expenses which would be incurred or suffered by our Group directly or indirectly, from or on the basis of or in connection with the non-compliance matters relating to our Group as described in the sections headed "Business – Environmental protection, health and work safety – Environmental protection", "Business – Regulatory compliance" and "Risk Factors – We may not be able to continue to use certain leased properties", in this prospectus or in connection with any other non-compliance matters of our Group which have occurred at any time on or before the Listing Date.

2. Litigation

As at the date of this prospectus, save as disclosed in the paragraph headed "Legal proceedings" under the section headed "Business" in this prospectus, we are not involved in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against any member of our Group.

3. The Joint Sponsors

The Joint Sponsors have made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, including any Shares falling to be issued under the exercise of any options which may be granted under the Share Option Scheme.

The Joint Sponsors have confirmed that they satisfy the independence criteria applicable to them as set out in Rule 3A.07 of the Listing Rules.

Gram Capital has received or will receive a financial advisory and documentation fee of approximately HK\$3.4 million as one of the Joint Sponsors in relation to the Share Offer and will be reimbursed for its expenses.

VC Capital has received or will receive a financial advisory and documentation fee of approximately HK\$3.2 million as one of the Joint Sponsors in relation to the Share Offer and will be reimbursed for its expenses.

4. Preliminary expenses

The estimated preliminary expenses incurred or proposed to be incurred by our Company are approximately HK\$40,000 and are payable by our Company.

5. Promoters

Our Company has no promoter for the purpose of the Listing Rules. Within the two years immediately preceding to the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given to, or is proposed to be paid, allotted or given to, any promoter in connection with the Share Offer or the related transactions described in this prospectus.

6. Qualifications of experts

The qualifications of the experts (as defined in the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given their opinions or advice in this prospectus are as follows:

Name	Qualifications
Gram Capital Limited	a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO
VC Capital Limited	a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO

Name	Qualifications
Grant Thornton Hong Kong Limited	Certified Public Accountants
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Mr Chan Chung	Barrister-at-law in Hong Kong
Lam & Co.	Hong Kong legal advisers
Locke Lord	U.S. legal advisers
Roma Appraisals Limited	Property valuer

7. Consents

Each of the experts referred to in the paragraph headed “Qualifications of experts” in this appendix has given and has not withdrawn their respective written consents to the issue of this prospectus with the inclusion of their reports and/or letters and/or valuation certificates and/or the references to their names included in this prospectus in the form and context in which they are respectively included.

None of the experts named above has any shareholding interests in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

8. Share register

The register of members of our Company will be maintained in the Cayman Islands by Codan Trust Company (Cayman) Limited and a Hong Kong share register of members will be maintained in Hong Kong by the Hong Kong Share Registrar. Unless our Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, the share register in Hong Kong and may not be lodged in the Cayman Islands.

9. Miscellaneous

Save as disclosed in this prospectus:

- (a) none of our Directors or chief executives of our Company has any interests and short positions in our Shares, the underlying Shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, under section 352 of the SFO, to be entered into the register referred to in that section, or will be required, under the Model Code for Securities Transactions by Directors of Listed Companies to be notified to us and the Stock Exchange, in each case once our Shares are listed;

- (b) none of our Directors nor any of the parties listed in the paragraph headed “Consents” in this appendix has any direct or indirect interest in the promotion of our Company or any of our subsidiaries, or in any assets which have, within the two years immediately preceding the issue of this prospectus, been acquired or disposed of by or leased to our Company or any of our subsidiaries, or are proposed to be acquired or disposed of by or leased to our Company or any of our subsidiaries;
- (c) none of our Directors nor any of the parties listed in the paragraph headed “Consents” in this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business;
- (d) save for the Underwriting Agreements, none of the parties listed in the paragraph headed “Consents” in this appendix:
 - (i) is interested legally or beneficially in any of our Shares or any shares in any of our subsidiaries; or
 - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities;
- (e) none of the equity and debt securities of our Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought from any other stock exchange;
- (f) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;
- (g) we have not issued or agreed to issue any founder shares, management shares or deferred shares;
- (h) we have no outstanding convertible debt securities;
- (i) within the two years preceding the date of this prospectus, no commissions, discounts, brokerages or other special items have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries and we have not issued or agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash;
- (j) within the two years preceding the date of this prospectus, no commission has been paid or payable (except commissions to the Underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any Shares in or debentures of our Company;
- (k) no amount or securities or benefit has been paid or allotted or given within the two years preceding the date of this prospectus to any of our promoters nor is any such securities or amount or benefit intended to be paid or allotted or given;

- (l) since 31 October 2015, there has been no material adverse change in the financial or trading position or prospects of our Company;
- (m) there is no arrangement under which future dividends are waived or agreed to be waived;
- (n) the Share Offer does not involve the exercise of any right of pre-emption or the transfer of subscription rights;
- (o) as at the date of this prospectus, there is no restriction affecting the remittance of profits or repatriation of capital of our Company into Hong Kong from outside Hong Kong;
- (p) there has not been any interruption in the business of our Company which may have or has had a significant effect on the financial position of our Company in the 12 months preceding the date of this prospectus;
- (q) the English text of this prospectus shall prevail over the Chinese text; and
- (r) none of our Company or any of our subsidiaries is presently listed on any stock exchange or traded on any trading system.

10. Binding effect

This prospectus shall have the effect, if an application is made in pursuance of this prospectus, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE FOR INSPECTION

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration are:

- (a) a copy of each of the **WHITE** and **YELLOW** Application Forms;
- (b) the written consents referred to in the section headed “Statutory and General Information – E. Other information – 7. Consents” in Appendix IV to this prospectus; and
- (c) a copy of each of the material contracts referred to in the section headed “Statutory and General Information – B. Further information about our business – 1. Summary of material contracts” in Appendix IV to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Norton Rose Fulbright Hong Kong at 38/F Jardine House, 1 Connaught Place, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum of Association and the Articles of Association;
- (b) the Accountants’ Report prepared by Grant Thornton Hong Kong Limited, the text of which is set out in Appendix I to this prospectus;
- (c) the audited combined financial statements of the companies comprising our Group for each of the years ended 30 June 2013, 2014, 2015 and the four months ended 31 October 2015;
- (d) the report on the unaudited pro forma financial information prepared by Grant Thornton Hong Kong Limited, the text of which is set out in Appendix II to this prospectus;
- (e) the letter prepared by Conyers Dill & Pearman summarising certain aspects of Cayman Islands company law as referred to in Appendix III to this prospectus;
- (f) the Cayman Companies Law;
- (g) the material contracts referred to in the section headed “Statutory and General Information – B. Further information about our business – 1. Summary of material contracts” in Appendix IV to this prospectus;

APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE FOR INSPECTION

- (h) the service contracts referred to in the section headed “Statutory and General Information – C. Further information about our Directors, substantial shareholders and experts – 3. Particulars of service agreements” in Appendix IV to this prospectus;
- (i) the rules of the Share Option Scheme as set out in the section headed “Statutory and General Information – D. Share Option Scheme” in Appendix IV to this prospectus;
- (j) the written consents referred to in the section headed “Statutory and General Information – E. Other information – 7. Consents” in Appendix IV to this prospectus;
- (k) the legal opinion dated 30 April 2016 and issued by Mr Chan Chung as the Hong Kong legal counsel to our Group in respect of compliance of business activities carried out by our Group;
- (l) the legal opinion dated 30 April 2016 and issued by Lam & Co. as the Hong Kong legal advisers to our Group in respect of compliance with applicable laws for the payment of fees to certain Garment Brand Companies by our Group;
- (m) the legal opinion dated 30 April 2016 and issued by Locke Lord as the U.S. legal advisers to our Group in respect of compliance with applicable laws for the payment of fees to certain Garment Brand Companies by our Group; and
- (n) the opinion issued by Roma Appraisals Limited confirming, among other things, the fairness of the rents payable under Tenancy Agreement I and Tenancy Agreement II referred in the section headed “Connected Transactions” in this prospectus.