



HANG SANG (SIU PO) INTERNATIONAL HOLDING COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3626)

Executive Directors:

Mr. FUNG Man Wai Samson

(Chairman and Chief Executive Officer)

Mr. FUNG Man Kam *(Senior Vice President)*

Mr. FUNG Kar Chue Alexander *(Vice President)*

Independent Non-executive Directors:

Ms. FUNG Po Yee

Dr. SUNG Ting Yee

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head office 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

26 May 2025

To the Independent Shareholders,

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
ALTUS INVESTMENTS LIMITED
ON BEHALF OF THE OFFEROR ACTING FOR AND ON BEHALF OF WADE
INVESTMENT SP1
TO ACQUIRE ALL THE ISSUED SHARES OF
HANG SANG (SIU PO) INTERNATIONAL HOLDING COMPANY LIMITED
(OTHER THAN THOSE SHARES
ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY
THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

References are made to (i) the Joint Announcement in relation to, among other things, the Sale and Purchase Agreement and the Offer; (ii) the Special Dividend Announcement in relation to, among other things, the declaration and payment of the Special Dividend; (iii)

the Poll Results Announcement in relation to the approval of the Shareholders on the declaration and payment of the Special Dividend; and (iv) the Completion Announcement in relation to, among other things, the Completion.

On 28 March 2025, the Offeror, the Seller and the Seller Guarantors entered into the Sale and Purchase Agreement, pursuant to which the Offeror has conditionally agreed to purchase, and the Seller has conditionally agreed to sell, the Sale Shares, being 138,000,000 Shares (representing 75% of the total issued Shares), for a total Consideration of HK\$195,000,000, equivalent to approximately HK\$1.413 per Sale Share. As disclosed in the Special Dividend Announcement, the Record Date of the Special Dividend was 30 April 2025. As disclosed in the Poll Results Announcement, the declaration and payment of the Special Dividend were approved by the Shareholders at the EGM held on 27 April 2025. Payment of the Special Dividend was made on 14 May 2025. Completion took place on 19 May 2025 after the Record Date and payment of the Special Dividend.

Immediately following the Completion, the Offeror and parties acting in concert with it owns 138,000,000 Shares (representing 75% of the total issued Shares). Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is therefore required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it).

The purpose of this Composite Document (of which this letter forms part) is to provide you with, among other things, (i) information relating to the Group, the Offeror and the Offer; (ii) the letter from Altus Capital containing details of the Offer; (iii) the letter from the Independent Board Committee containing its recommendations to the Independent Shareholders in relation to the Offer; and (iv) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Offer, in particular, as to whether the Offer is fair and reasonable so far as the Independent Shareholders are concerned and as to acceptance of the Offer.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all independent non-executive Directors, namely Ms. Fung Po Yee and Dr. Sung Ting Yee, has been established to advise the Independent Shareholders as to whether the Offer is fair and reasonable and as to acceptance of the Offer.

The Independent Financial Adviser has been appointed with the approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Offer and, in particular, as to whether the Offer is fair and reasonable and as to the acceptance of the Offer.

The full texts of the letter from the Independent Board Committee addressed to the Independent Shareholders and the letter from the Independent Financial Adviser addressed to the Independent Board Committee are set out in this Composite Document. **You are advised to read both letters and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the Offer.**

PRINCIPAL TERMS OF THE OFFER

Altus Investments is making the Offer on behalf of the Offeror in compliance with the Takeovers Code on the following basis:

For each Offer Share HK\$1.414 in cash

Pursuant to the Takeovers Code, the Offer Price must not be lower than the purchase price per Sale Share payable by the Offeror to the Seller under the Sale and Purchase Agreement. The Offeror has therefore decided to set the Offer Price at HK\$1.414.

The Offer will be extended to all Shareholders other than the Offeror and parties acting in concert with it in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offer shall be fully paid and free from all Encumbrances and together with all rights attached to them, including the rights to receive in full all dividends and other distributions, if any, recommended, declared, made or paid by reference to a record date on or after the date on which the Offer is made, being the date of the despatch of this Composite Document. For the avoidance of doubt, the Special Dividend was already paid on 14 May 2025 to Shareholders whose names appear on the register of members of the Company on 30 April 2025 (i.e. the Record Date). The Company confirms that, as at the Latest Practicable Date, the Company does not have any dividend or distribution recommended, declared or made but unpaid and has no intention to make any distribution or declare dividends before the close of the Offer.

As at the Latest Practicable Date, the Company has 184,000,000 Shares in issue. There are no outstanding Shares, options, warrants, derivatives or securities convertible or exchangeable into Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of Offer Shares.

The Offer Price

The Offer Price of HK\$1.414 per Share represents:

- (a) a discount of approximately 85.42% to the closing price of HK\$9.700 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 34.67% over the closing price of HK\$1.050 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a premium of approximately 99.15% over the closing price of HK\$0.710 per Share as quoted on the Stock Exchange on the Last Full Trading Day;
- (d) a premium of approximately 119.57% over the average closing price of HK\$0.644 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Full Trading Day;

- (e) a premium of approximately 132.57% over the average closing price of approximately HK\$0.608 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Full Trading Day;
- (f) a premium of approximately 187.40% over the average closing price of approximately HK\$0.492 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive trading days up to and including the Last Full Trading Day;
- (g) a premium of approximately 542.73% to the audited consolidated net asset value attributable to owners of the Company of approximately HK\$0.22 per Share as at 30 June 2024 calculated based on the information as set out in the Company's annual report for the year ended 30 June 2024 which was published on 30 October 2024; and
- (h) a premium of approximately 514.78% to the unaudited consolidated net asset value attributable to owners of the Company of approximately HK\$0.23 per Share as at 31 December 2024 calculated based on the information as set out in the Company's interim results announcement for the six months ended 31 December 2024 which was published on 28 February 2025.

Highest and Lowest Closing Prices of Shares

During the Relevant Period, the highest and lowest closing prices of the Shares as quoted on the Stock Exchange was HK\$17.700 per Share on 17 April 2025 and HK\$0.270 per Share on 30 September and 2 October 2024, respectively.

Value of the Offer

As at the Latest Practicable Date, there are 184,000,000 Shares in issue. On the basis of the Offer Price of HK\$1.414 per Offer Share, the entire issued share capital of the Company is valued at HK\$260,176,000. Excluding the Sale Shares and assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to the close of the Offer, a total of 46,000,000 Shares is subject to the Offer. Based on the Offer Price of HK\$1.414 per Offer Share and on the basis of full acceptance of the Offer, the maximum payment obligations payable by the Offeror under the Offer would be HK\$65,044,000.

Further Details of the Offer

Further details of the Offer, including, among other things, its extension to the Overseas Shareholders, information on taxation, the terms and conditions and the procedures for acceptance and settlement and acceptance period can be found in the "Letter from Altus Capital" to this Composite Document and the accompanying Form of Acceptance.

INFORMATION ON THE GROUP

The Company is an investment holding company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange. The Group is principally engaged in manufacturing and sale of apparel labels and packaging printing products, sale and distribution of food, daily necessities and utility products, restaurant operation and sales of E-cigarette products. As part of the diversification of its business to include more consumer products, the Company began the assessment of commercial opportunities in the third quarter of 2024. After much discussion and deliberation as well as on-site visits with potential suppliers and customers, a wholly-owned subsidiary, Alpha Six Three Limited was established in September 2024 and a branch was set up by Alpha Six Three Limited in New Zealand in November 2024 to carry out the sale and distribution of E-cigarettes. Such E-cigarette sales to and in New Zealand commenced in February 2025.

Set out below is certain financial information extracted from (i) the audited consolidated results of the Group for each of the two financial years ended 30 June 2023 and 2024 and (ii) the unaudited interim results for the six months ended 31 December 2024, as extracted from the annual report of the Company for the year ended 30 June 2024 and the interim report of the Company for the six months ended 31 December 2024, respectively.

	For the six months ended 31 December 2024	For the year ended 30 June	
	2024	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>
Revenue	46,902	70,028	54,414
Profit/(loss) before income tax	1,870	(2,404)	(26,323)
Income tax (expense)/credit	(165)	98	358
Net profit/(loss)	1,705	(2,306)	(25,965)

The audited consolidated net assets of the Group attributable to owners of the Company as at 30 June 2024 were approximately HK\$40.3 million, equivalent to approximately HK\$0.22 per Share. The unaudited consolidated net assets of the Group attributable to owners of the Company as at 31 December 2024 were approximately HK\$41.9 million, equivalent to approximately HK\$0.23 per Share.

Further financial information and general information in relation to the Group are set out in Appendix II “Financial Information of the Group” and Appendix IV “General Information of the Group” to this Composite Document.

Shareholding Structure of the Company

The following table sets out the shareholding structure of the Company (i) as at the date of the Joint Announcement and immediately prior to Completion; and (ii) immediately after Completion and as at the Latest Practicable Date:

Shareholders	As of the date of the Joint Announcement and immediately prior to Completion		Immediately after Completion and as at the Latest Practicable Date	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Offeror	–	–	138,000,000	75
Seller ^(Note)	138,000,000	75	–	–
Independent Shareholders	46,000,000	25	46,000,000	25
Total	184,000,000	100	184,000,000	100

Note: The Seller is owned as to 62% by Mr. Samson Fung (the chairman, the chief executive officer and an executive Director) and 38% by Mr. David Fung (an executive Director), respectively, and both of them are the ultimate beneficial owners of the Seller. Save for Mr. Samson Fung and Mr. David Fung, none of the Directors held any Shares immediately prior to and after Completion and as at the Latest Practicable Date.

INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed “Information on the Offeror” in the “Letter from Altus Capital” and Appendix III “General Information of the Offeror” to this Composite Document.

INTENTIONS OF THE OFFEROR IN RELATION TO THE GROUP

Your attention is drawn to the section headed “Intentions of the Offeror in relation to the Group” in the “Letter from Altus Capital” to this Composite Document and the following disclosure as extracted therefrom:

Following the completion of the Offer, the Offeror intends to continue the Group’s focus on consumer products and has no intention to scale down the existing businesses. Mr. Samson Fung and Mr. Fung Kar Chue Alexander, both being executive Directors, are expected to continue their employment at the existing subsidiaries of the Company. The Offeror also notes that the Group’s revenue increased in HY2024/2025, as compared with HY2023/2024, and such increase was driven by broad-based growth across the printing, food and daily necessities and restaurant operation segments. Notwithstanding the aforesaid, the current business climate is in flux, largely due to geopolitical factors which are likely to have macro effects on global economy (including Hong Kong). The strained trade relationships between China and the United States, the conflicts in Ukraine and the Middle East, and the trade tariffs imposed by the United States recently, have all resulted in substantial uncertainties to global economic environment and may impact the demand for the Group’s apparel labels and packaging printing products going forward. The Offeror notes that the effect of these external factors on the Company’s revenue may exhibit a degree of latency and the recent US tariff policies may affect printing order volumes in the forthcoming financial year and will closely monitor and assess its business performance.

Subject to a review of market demand, business environment and climate, and conditions going forward, the Offeror, whilst intending to continue the existing principal businesses, will likely deploy more resources into growing the Group's E-cigarette business segment of the Group. Based on the Offeror's review of the "Management Discussion and Analysis – Industry Overview" section in the annual report of Smoore International Holdings Limited (Stock Code: 6969) (being a global leader in offering atomization technology solutions, including manufacturing vaping devices and vaping components for heat- not-burn products) published on 11 April 2025, the Offeror noted that the industry remains in a stage of robust growth. As stated in the Smoore Annual Report, according to the independent market research report issued by industry consultant, Frost & Sullivan, in March 2025, the global vaping device market size increased at a compound growth rate of approximately 12.9% at ex-factory prices from 2020 to 2024, and is expected to increase at an estimated compound growth rate of approximately 9.3% from US\$12,444.9 million in 2024 to US\$19,435.0 million in 2029.

A feature of the E-cigarette sector is that it operates under increasing regulatory scrutiny globally, with ongoing updates to policy frameworks. Some countries have adopted a complete ban on E-cigarettes (as in the case of Hong Kong where only transshipment in compliance with regulations are permitted), some countries permit the import of E-cigarettes provided the products comply with local regulatory requirements (as is the case with the USA where the Food and Drug Administration have regulations on this) and in some cases, import of products are permitted provided they do not target youth. In the case of New Zealand, where the Company has commenced its sales in February 2025, it is noted that, in March 2025, New Zealand introduced smokeless laws requiring E-cigarette sellers to notify the Ministry of Health to be recognised as regulated product sellers.

Nevertheless, given that the global vaping device market size is expected to increase at an estimated compound growth rate of approximately 9.3% from US\$12,444.9 million in 2024 to US\$19,435.0 million in 2029, the Offeror believes that this sector is worth more consideration as a growth opportunity for the Company's business given that it is more easily scalable (with appropriate distribution networks and means of regulatory compliance) as compared to other existing business segments, and, if appropriately scaled, is believed to be able to facilitate the business development of the Group.

As at the Latest Practicable Date, the Offeror has no plan to inject any assets or businesses into the Group or to procure the Group to acquire or dispose of any assets.

The Offeror has no intention to terminate any employment of the employees of the Group or to make significant changes to any employment or to dispose of or reallocate the Group's assets which are not in the ordinary and usual course of business of the Group. However, the Offeror reserves the right to make such changes that it deems necessary or appropriate to the Group's business and operations to optimise the value of the Group.

The Offeror is managed by Austen Capital and given the asset management and business experience of Mr. Lu in cross border investment opportunities, the Offeror intends to work closely with the Directors and senior management of the Company from time to time to drive both customer and shareholder value. Having assumed director roles in various listed companies in Hong Kong and the United States, both Mr. Lu and Ms. Geffner have

extensive experience in management of international businesses. Please refer to the section headed “INFORMATION ON THE OFFEROR” in the “Letter from Altus Capital” in this Composite Document for a brief biography of Mr. Lu, and the section headed “PROPOSED CHANGE OF COMPOSITION OF THE BOARD” in the “Letter from Altus Capital” in this Composite Document for a brief biography of Ms. Geffner. Mr. Lu’s experience with the US markets from his time there, coupled with his China business experience, enhances the Group’s understandings of both markets which in turn facilitates informed decision making and better risk assessment for business opportunities. Ms. Geffner has recently worked in Dorsett Hospitality International Services Limited, which is part of Far East Consortium International Limited (Stock Code: 035), a Hong Kong listed company and therefore can contribute her experience in the development and marketing profile of a Hong Kong listed company. Besides, it is expected that Mr. Samson Fung and Mr. Fung Kar Chue Alexander will remain as directors or management of the principal subsidiaries engaging in the printing, food and daily necessities, and restaurant operation business, ensuring continuity in management.

The Board has noted the intentions of the Offeror in respect of the Group and its employees and will render cooperation and support to the Offeror.

Proposed Change of Composition of the Board

Your attention is drawn to the section headed “PROPOSED CHANGE OF COMPOSITION OF THE BOARD” in the “Letter from Altus Capital” of the Composite Document.

As at the Latest Practicable Date, the Board is made up of five Directors, comprising three executive Directors, namely, Mr. Samson Fung, Mr. David Fung and Mr. Fung Kar Chue Alexander and two independent non-executive Directors, namely, Ms. Fung Po Yee and Dr. Sung Ting Yee.

It is intended that all Directors will resign from a date which is no earlier than such date as permitted under Rule 7 of the Takeovers Code (i.e. after the close of the Offer).

As at the Latest Practicable Date, the Directors were aware of the Offeror’s intention to nominate Mr. Lu Xiaoma and Ms. Xin Yue Jasmine Geffner as executive Directors with effect on the date of posting of this Composite Document. Any changes to the members of the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcement(s) will be made as and when appropriate.

The Company will publish an announcement in respect of the proposed appointment of Mr. Lu and Ms. Geffner as executive Directors after posting of this Composite Document. Please refer to the said announcement for further details of Mr. Lu and Ms. Geffner. A brief biography of each of Mr. Lu and Ms. Geffner is also available at the sections headed “INFORMATION ON THE OFFEROR” and “PROPOSED CHANGE OF COMPOSITION OF THE BOARD” in “Letter from Altus Capital” of this Composite Document.

Public Float and Maintaining the Listing Status of the Company

The Offeror has no intention to privatise the Company and intends the Company to remain listed on the Stock Exchange.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public or if the Stock Exchange believes that:

- (a) a false market exists or may exist in the trading of the Shares; or
- (b) there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares.

Therefore, it should be noted that upon close of the Offer, there may be insufficient public float of the Shares and the trading in the Shares may be suspended until sufficient public float exists in the Shares. The directors of the Offeror and the new Directors to be appointed to the Board of the Company on the date of posting of this Composite Document will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Company's Shares.

For the avoidance of doubt, the Offer Shares to be tendered by the Independent Shareholders upon valid acceptance of the Offer will be retained by the Offeror. In case there is less than 25% of the Shares held by the public following the close of the Offer, the Offeror will place down the Shares held by it in order to ensure that there will be 25% of the issued Shares held by the public.

RECOMMENDATION

Your attention is drawn to (i) "Letter from Altus Capital" as set out on pages 8 to 19 of this Composite Document, (ii) "Letter from the Independent Board Committee" as set out on pages 30 to 31 to this Composite Document, which contains its advice and recommendation to the Independent Shareholders in respect of the Offer and (iii) "Letter from the Independent Financial Adviser" as set out on pages 32 to 59 of this Composite Document, which contains, among other things, its advice to the Independent Board Committee in relation to the Offer and the principal factors considered by it before arriving at its recommendation.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to read carefully Appendix I "Further Terms and Procedures for Acceptance of the Offer" to this Composite Document and the accompanying Form of Acceptance for further details in respect of the procedures for acceptance of the Offer.

In considering what action to take in connection with the Offer, you should consider your own tax positions, if any, and, in case of any doubt, consult your professional advisers.

By Order of the Board of
**Hang Sang (Siu Po) International
Holding Company Limited**

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned above the printed name.

Fung Man Wai Samson
*Chairman, Chief Executive Officer and
Executive Director*