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衍生集團（國際）控股有限公司

Hin Sang Group (International) Holding Co. Ltd.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6893)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2025

Financial Highlights			
	Year ended 31 March		
	2025	2024	Change
	HK\$'000	HK\$'000	%
Revenue	91,887	92,617	(0.8)
Gross profit	60,283	57,406	5.0
Loss for the year	(49,420)	(36,400)	35.8
Other comprehensive (expense)/income for the year	(3,795)	5,820	
Loss per share			
– Basic and diluted (<i>HK cents</i>)	(4.52)	(3.36)	

RESULTS

The Board announces the audited consolidated results of Hin Sang Group (International) Holding Co. Ltd. and its subsidiaries for the year ended 31 March 2025 together with the comparative figures for the year ended 31 March 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

	<i>Notes</i>	2025 HK\$'000	2024 HK\$'000
Revenue	3	91,887	92,617
Cost of sales		(31,604)	(35,211)
Gross profit		60,283	57,406
Other income	5	3,666	3,085
Other gains and losses, net	6	(10,842)	(1,449)
Selling and distribution expenses		(14,937)	(12,526)
Administrative and other operating expenses		(68,943)	(67,012)
Finance costs	7	(18,553)	(16,299)
Loss before tax		(49,326)	(36,795)
Income tax (expense)/credit	8	(94)	395
Loss for the year	9	(49,420)	(36,400)
Other comprehensive (expense)/income			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value (loss)/gain on financial assets at fair value through other comprehensive income		(4,851)	9,415
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		1,056	(3,595)
Other comprehensive (expense)/income for the year		(3,795)	5,820
Total comprehensive expense for the year		(53,215)	(30,580)

	Notes	2025 HK\$'000	2024 HK\$'000
Loss for the year attributable to:			
– Owners of the Company		(49,362)	(36,705)
– Non-controlling interests		(58)	305
		<u>(49,420)</u>	<u>(36,400)</u>
Total comprehensive expense for the year attributable to:			
– Owners of the Company		(53,556)	(30,548)
– Non-controlling interests		341	(32)
		<u>(53,215)</u>	<u>(30,580)</u>
Loss per share	10		
– Basic (<i>HK cents</i>)		<u>(4.52)</u>	<u>(3.36)</u>
– Diluted (<i>HK cents</i>)		<u>(4.52)</u>	<u>(3.36)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Property, plant and equipment		268,209	287,833
Right-of-use assets		198,989	207,130
Investment properties		11,247	12,099
Financial assets at fair value through profit or loss		6,683	6,494
Financial assets at fair value through other comprehensive income		23,105	27,956
Deferred tax assets		393	697
		<u>508,626</u>	<u>542,209</u>
Current assets			
Inventories		13,106	14,216
Trade and other receivables	12	14,036	11,972
Financial assets at fair value through profit or loss		6,522	8,119
Current tax assets		83	106
Bank balances and cash		13,352	11,232
		<u>47,099</u>	<u>45,645</u>
Total assets		<u>555,725</u>	<u>587,854</u>
Current liabilities			
Trade and other payables	13	34,309	40,283
Contract liabilities		20,891	17,063
Bank and other borrowings		212,210	186,467
Lease liabilities		309	351
Current tax liabilities		-	81
		<u>267,719</u>	<u>244,245</u>
Net current liabilities		<u>(220,620)</u>	<u>(198,600)</u>
Total assets less current liabilities		<u>288,006</u>	<u>343,609</u>

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Non-current liabilities		
Bank and other borrowings	130,593	132,892
Lease liabilities	1,297	1,386
	131,890	134,278
Net assets	156,116	209,331
Capital and reserves		
Share capital	109,180	109,180
Reserves	46,100	99,656
Equity attributable to owners of the Company	155,280	208,836
Non-controlling interests	836	495
Total equity	156,116	209,331

NOTES

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

The Group incurred a net loss of approximately HK\$49,420,000 during the year ended 31 March 2025 and, as of that date, the Group’s current liabilities exceeded its current assets by approximately HK\$220,620,000. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as going concern.

In view of these circumstances, the Group has been continuously implementing measures to improve its profitability and operating performance and to mitigate the liquidity pressure. These measures include (1) implementing business strategies to enhance the production efficiency of the Group’s own brand products and aiming to reduce the product cost by self-production, (2) continuing its measures to control administrative and operating costs, and (3) looking for other sources of finance including equity financing to enhance the capital structure and reduce the overall finance costs.

With respect to the Group’s bank financing, the Group maintains continuous communication with its principal banks. As at 31 March 2025, the Group had unutilised banking facilities of approximately HK\$21,265,000. The Directors are not aware of any intention of the principal banks to withdraw their banking facilities or require early repayment of the bank borrowings. Taking into account the good track record and relationships with the banks and the fair value of the pledged properties, the Directors believe that the Group will be able to renew the banking facilities upon maturity dates. Moreover, the directors manage the Group’s assets portfolio and capital structure from time to time and consider to sell assets to reduce debt when necessary.

The Directors have assessed the Group’s cash flow projections cover a period of not less than twelve months from 31 March 2025. The key factors that are taken into account by management in the cash flow projections include the anticipated cash flows from the Group’s operations, capital expenditures and continuous availability of banking facilities. The Group’s ability to achieve the projected cash flows depends on management’s ability to successfully implement the aforementioned improvement measures on profitability and liquidity and the continuous availability of banking facilities.

The Directors are of the opinion that, taking into account the expected renewals of the Group’s borrowings and the unutilised banking facilities, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 March 2025. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 2024 for the preparation of the consolidated financial statements:

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

The Directors considered that the application of the amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/ or on the disclosures set out in these consolidated financial statements.

3. REVENUE

The following is an analysis of the Group's revenue:

	2025 HK\$'000	2024 HK\$'000
Sales of goods	91,259	92,049
Provision of healthcare services	628	568
	<u>91,887</u>	<u>92,617</u>

4. SEGMENT INFORMATION

Information reported to the Board, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. Specifically, the Group's reportable and operating segments under "HKFRS 8 Operating Segments" are as follows:

1. Product Development Segment – sales of products developed by the Group under own brands
2. Brand Development and Management Segment – sales and distribution of products with exclusive distribution rights
3. Trading of Goods Segment – sales and distribution of products purchased from authorised dealers, independent traders, manufacturers or parallel importers
4. Healthcare Segment – development of mother and child related health products, medical center and related services

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

For the year ended 31 March 2025

	Product Development Segment <i>HK\$'000</i>	Brand Development and Management Segment <i>HK\$'000</i>	Trading of Goods Segment <i>HK\$'000</i>	Healthcare Segment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue					
External sales	<u>90,072</u>	<u>838</u>	<u>349</u>	<u>628</u>	<u>91,887</u>
Segment profit/(loss)	<u>(22,418)</u>	<u>40</u>	<u>(78)</u>	<u>(690)</u>	(23,146)
Interest income					43
Loss on fair value change of financial assets at fair value through profit or loss					(1,244)
Loss on disposal of financial assets at fair value through profit or loss					(22)
Finance costs					(18,553)
Unallocated expenses					<u>(6,404)</u>
Loss before tax					<u>(49,326)</u>

For the year ended 31 March 2024

	Product Development Segment <i>HK\$ '000</i>	Brand Development and Management Segment <i>HK\$ '000</i>	Trading of Goods Segment <i>HK\$ '000</i>	Healthcare Segment <i>HK\$ '000</i>	Total <i>HK\$ '000</i>
Revenue					
External sales	90,505	1,413	131	568	92,617
Segment profit/(loss)	(19,040)	69	91	(766)	(19,646)
Interest income					80
Gain on fair value change of financial assets at fair value through profit or loss					6,682
Finance costs					(16,299)
Unallocated expenses					(7,612)
Loss before tax					(36,795)

There were no sales transactions between operating segments.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/loss represents the profit earned by/loss from each segment without allocation of corporate expenses, (loss)/gain on fair value change of financial assets at fair value through profit or loss, loss on disposal of financial assets at fair value through profit or loss, interest income and finance costs. This is the measure reported to the Board for the purposes of resource allocation and assessment of segment performance.

Geographical information

The Group's operations are located in Hong Kong and Mainland China.

Information about the Group's revenue from external customers is presented based on location of the operations. Information about the Group's non-current assets (excluding financial assets and deferred tax assets) is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2025	2024	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong, China	65,010	65,815	201,199	208,872
Mainland China	26,877	26,802	277,246	298,190
	91,887	92,617	478,445	507,062

Information about major customers

Revenue from customers that individually contributing over 10% of the Group's total revenue of the corresponding years are set out below:

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A	14,252	14,423
Customer B	10,846	11,786

5. OTHER INCOME

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest income on bank deposits	43	80
Rental income	488	531
Government grants and subsidies (note)	1,973	1,421
Others	1,162	1,053
	3,666	3,085

Note: The amounts mainly include grants and subsidies of approximately HK\$105,000 (2024: HK\$219,000) received from the Trade and Industry department as SME Export Marketing fund, and approximately HK\$1,868,000 (2024: HK\$1,202,000) received from the PRC government authorities for the Group's local business developments. There were no unfulfilled conditions in the years in which they were recognised.

6. OTHER GAINS AND LOSSES, NET

	2025 HK\$'000	2024 HK\$'000
(Loss)/Gain on fair value change of financial assets at fair value through profit or loss	(1,244)	6,682
Loss on disposal of financial assets at fair value through profit or loss	(22)	-
Loss on fair value change of investment properties	(720)	(980)
Loss on disposal of property, plant and equipment	(115)	(3)
Reversal of impairment/(Impairment loss) recognised on trade receivables under expected credit loss model	1,354	(1,464)
Impairment loss recognised on property, plant and equipment	(8,194)	(3,832)
Impairment loss recognised on right-of-use assets	(1,021)	(168)
Gain on lease termination	15	80
Net foreign exchange loss	(895)	(1,764)
	(10,842)	(1,449)

7. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest expense on bank borrowings	15,121	16,207
Interest expense on other borrowings	1,825	6
Interest expense on lease liabilities	87	86
Other interest expense	1,520	-
	18,553	16,299
Total borrowing costs	18,553	16,299

8. INCOME TAX EXPENSE/(CREDIT)

	2025 HK\$'000	2024 HK\$'000
Current tax:		
Hong Kong Profits Tax		
– Current year	-	12
– (Over)/Under provision in prior year	(139)	1
	<u>(139)</u>	<u>13</u>
PRC Enterprise Income Tax		
– Current year	-	46
– Over provision in prior year	(71)	-
	<u>(71)</u>	<u>46</u>
Deferred tax		
– Current year	304	(454)
Total income tax expense/(credit) recognised in profit or loss	<u>94</u>	<u>(395)</u>

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

No provision for taxation has been provided for companies in the Cayman Islands and the British Virgin Islands as they are not subject to any tax during the current and prior years.

9. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging/(crediting):

	2025 HK\$'000	2024 HK\$'000
Depreciation of property, plant and equipment	13,572	16,145
Depreciation of right-of-use assets	<u>6,970</u>	<u>6,876</u>
Total depreciation	20,542	23,021
Less: amounts capitalised in inventories	<u>(6,336)</u>	<u>(6,101)</u>
	<u>14,206</u>	<u>16,920</u>
Cost of inventories recognised as an expense	<u>27,215</u>	<u>31,646</u>
Auditors' remuneration		
- Audit services	850	850
- Non-audit services	<u>150</u>	<u>150</u>
Gross rental income from investment properties	(366)	(531)
Less: direct operating expenses	<u>72</u>	<u>41</u>
Net rental income from investment properties	<u>(294)</u>	<u>(490)</u>
Employee benefits expenses, including directors' emoluments		
Salaries, wages and other benefits	33,286	33,049
Contribution to retirement benefits schemes	<u>3,263</u>	<u>3,296</u>
Total employee benefits expenses	<u>36,549</u>	<u>36,345</u>

10. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss		
Loss for the purpose of basic and diluted loss per share (Loss for the year attributable to owners of the Company)	<u>(49,326)</u>	<u>(36,705)</u>
	2025 <i>'000</i>	2024 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>1,091,796</u>	<u>1,091,796</u>

The computation of diluted loss per share for the years ended 31 March 2025 and 2024 does not assume the conversion of the Company's outstanding share options since their assumed exercise would result in a decrease in loss per share.

11. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2025, nor has any dividend been proposed since the end of the reporting period (2024: Nil).

12. TRADE AND OTHER RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables	12,827	12,061
Less: Allowance for credit losses	<u>(2,768)</u>	<u>(4,122)</u>
	10,059	7,939
Prepayments to suppliers	1,434	1,120
Prepayments for other expenses	1,720	2,448
Deposits and other receivables	<u>823</u>	<u>465</u>
	<u>14,036</u>	<u>11,972</u>

The following is an ageing analysis of the Group's trade receivables net of allowance for credit losses at the end of the reporting period, presented based on invoice date:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0–30 days	6,808	3,914
31–60 days	1,555	2,094
61–90 days	1,696	1,929
91–365 days	<u>-</u>	<u>2</u>
	<u>10,059</u>	<u>7,939</u>

13. TRADE AND OTHER PAYABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade payables	7,954	9,002
Accruals and other payables	<u>26,355</u>	<u>31,281</u>
	<u>34,309</u>	<u>40,283</u>

The following is an ageing analysis of the Group's trade payables at the end of the reporting period, presented based on invoice date:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0–30 days	2,427	4,323
31–60 days	1,638	481
61–90 days	645	401
Over 90 days	<u>3,244</u>	<u>3,797</u>
	<u>7,954</u>	<u>9,002</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the marketing, selling and manufacturing of healthcare products primarily targeting children, among which “Hin Sang (衍生)” is a long-established reputable brand. The Group continues to expand its e-commerce business through various popular and influential online and mobile platforms in order to keep pace with consumer trends and seize business opportunities. In addition, the Group trades in personal care products of reputable brands, to leverage existing resources to increase profits. Furthermore, the Group is developing its business in Chinese medical healthcare as well as diagnosis and treatment services projects.

For the Year, the Group’s total revenue was approximately HK\$91.9 million, representing a slight decrease of approximately 0.8% from approximately HK\$92.6 million for the last year. The Group has four business segments which are classified according to their ownership, licensing rights and services rendered. During the Year, the Product Development Segment, which engages in the sale of the Group’s own branded products, remained the largest business segment of the Group and contributed approximately 98.0% (2024: approximately 97.7%) of the Group’s total revenue. On the other hand, the revenue contribution from the Brand Development and Management Segment decreased slightly from approximately 1.5% of the total revenue for the last year to approximately 0.9% of the total revenue for the Year. The Trading of Goods Segment accounted for approximately 0.4% of total revenue for the Year (2024: approximately 0.2%), and the Healthcare Segment accounted for approximately 0.7% (2024: approximately 0.6%) of the Group’s total revenue for the Year. The slight decrease in the Group’s total revenue for the Year as compared to the last year was mainly due to the decrease in sales of products under the Product Development Segment and the Brand Development and Management segment.

The Group’s business operations are based in both Hong Kong and Mainland China. Revenue generated from the Hong Kong market for the Year recorded approximately HK\$65.0 million (2024: approximately HK\$65.8 million), representing approximately 70.7% of the total revenue for the Year (2024: approximately 71.1%). Revenue generated from the Mainland China market for the Year was approximately HK\$26.9 million (2024: approximately HK\$26.8 million), representing approximately 29.3% of the total revenue for the Year (2024: approximately 28.9%).

Product Development Segment

In the Product Development Segment, the Group develops and sells healthcare products, personal care products and household products under its own brand names, which are mainly “Hin Sang (衍生)”, “Tai Wo Tong (太和堂)”, “Care Plus (私+呵護)” and “King’s Antiseptic (殺菌王)”. The Group launched the “Hin Sang (衍生)” brand in 2004, mainly for health supplements. In 2012, the Group launched “Tai Wo Tong (太和堂)” mainly for the Group’s proprietary Chinese medicine category. With a view to further leverage its brand value and explore the opportunities of the less tapped markets, the Group launched several products during the Year, including but not limited to “Hin Sang Kids Bowel Care (衍生蓓兒暢舒)”, “Hin Sang Kids Allergy Relieve (衍生蓓兒敏清)”, “Hin Sang Kids Cough Care (衍生蓓兒咳畏)”, “Hin Sang Kids Appetite Support (衍生蓓食無憂)”, “Weverse Gutclear Fresh Breath Granules (營漢方口香三清)” and “Weverse Ganoderma Black Garlic and Propolis (營漢方黑蒜蜂)”.

Revenue of this segment was approximately HK\$90.1 million for the Year, representing a slight decrease of approximately 0.5% from approximately HK\$90.5 million for the last year. The segment's loss and loss margin for the Year were approximately HK\$22.4 million and 24.9% respectively, as compared to the segment's loss and loss margin of approximately HK\$19.0 million and 21.0% respectively for the last year.

Brand Development and Management Segment

Since 1999, the Group has been a trusted partner for various brand proprietors of personal care products mainly in the Hong Kong market. The Group offers one-stop solutions for marketing, sales and distribution, logistics and delivery services for their branded products under exclusive distribution agreements with each of the brand proprietors. The Group has a track record of successfully managing and developing a number of brands for its clients, who are primarily manufacturers and owners of the products.

Among the products managed and developed by the Group for the brand proprietors, the major brand is "Ausnow (澳雪)". Revenue of this segment was approximately HK\$838,000 for the Year, representing a decrease of approximately 40.7% from approximately HK\$1.4 million for the last year. The decrease in revenue of this segment was mainly due to the Group's focus on the Product Development Segment during the Year in order to enhance the brand image of its own branded products. The segment's profit and profit margin for the Year were approximately HK\$40,000 and 4.8% respectively, as compared to the segment's profit and profit margin of approximately HK\$69,000 and 4.9% respectively for the last year.

Trading of Goods Segment

The Group has served its trade customers with high-quality products sourced from authorised dealers and overseas suppliers. The low-margin products in this segment will be phased out, and more resources will be devoted to the Product Development Segment, which is expected to yield higher profit margin.

Revenue of this segment was approximately HK\$349,000 for the Year, representing an increase of approximately 166.4% from approximately HK\$131,000 for the last year. The increase in revenue of this segment was mainly due to a clearance sale of fast-moving inventory.

Healthcare Segment

The Healthcare Segment provides various types of healthcare-related services and products in Mainland China to mothers and children. The Group has established clinics to provide medical treatment and consultation by experienced Chinese physicians specialising in Chinese medical healthcare.

Revenue of this segment was approximately HK\$628,000 for the Year, representing an increase of approximately 10.6% from approximately HK\$568,000 for the last year. The increase in revenue of this segment was mainly due to the increase in demand for products and services provided by our medical center. The segment loss decreased by approximately 9.9% from approximately HK\$766,000 for the last year to approximately HK\$690,000 for the Year.

SOCIAL RESPONSIBILITIES

The Group is committed to fulfilling its corporate social responsibility and creating shared value for its stakeholders. It recognises that its business performance is not only determined by the financial results, but also by social and environmental impact.

The Group has consistently supported various charitable causes. Through the Hin Sang Volunteer Team, the Group provided timely assistance to underprivileged groups, such as children and the elderly. The Group also distributed essential items to those most in need. It was honoured to be a socially conscious company that makes a positive impact in the community.

One of the Group's main areas of philanthropy is education. The Group believes that education is the foundation of a prosperous society and the key to unlocking human potential. This is why we have established the "Hin Sang Scholarship (衍生獎學金)" for students from kindergarten to university level in Hong Kong for the tenth consecutive year. The scholarship aims to encourage students with potential and diverse interests to pursue their academic and personal goals. The Group particularly values the needs and development of children: they are the future of the society and their well-being is always the Group's top priority.

HUMAN RESOURCES

The Group had a total of 208 staff as at 31 March 2025 (2024: 247). The remuneration of the employees consists of fixed salary, individual sales commission and year-end discretionary performance bonus. The Group has devised an assessment system for its employees, and the Group uses the assessment result for salary review and promotion decisions. All of the employees undergo a performance appraisal once a year. Such appraisal provides the Group with an opportunity to assess each employee's strengths and areas for improvement, and facilitate the Group to provide necessary training and career development opportunities accordingly. A Share Option Scheme was adopted in September 2014 to recognise and acknowledge those employees who have made a contribution to the Group. Pursuant to applicable laws and regulations, the Group has participated in relevant defined contribution retirement schemes administered by responsible government authorities in the PRC for its employees there and provided a mandatory provident fund scheme to employees in Hong Kong.

PROSPECTS

The Group is confident that the Hong Kong market can continue to provide a stable platform for its business growth and expansion. The Group continues its efforts in new product development to enrich its health supplement portfolio and enhance its brand image as a health supplement specialist. The Group ensures that only those products with high sales volume potential are retained in the product portfolio.

At the same time, the Group will also focus on the development of the Mainland China market, especially the children's health supplement market. The Group believes that this market will benefit greatly from the implementation of China's "Three-child" policy. To seize this opportunity, the Group will continue to expand its distribution network by recruiting additional distributors and devoting more resources to promoting its corporate image to expand its customer base.

The Group has prudently outlined the following strategies for its future business development with the aim of creating value for the Shareholders:

(a) To continue enhancing brand recognition of the Group's own brands

The Group has developed the "Hin Sang (衍生)" brand into a well-recognised brand in Hong Kong through effective, targeted and well-positioned advertising programmes that emphasise product safety and quality.

The Group continued to focus on and implement its brand strategies of multi-channel marketing and diverse product portfolios. The Group adopted a market-driven research and product development strategy to meet evolving customer demands and needs while achieving rapid growth. Our new product launches aim to meet the needs and preferences of different age groups and markets and to broaden the Group's product portfolio and customer base. The Group's new product development initiative for the coming year will focus on the development of more products in the mother and children health supplement segment in Hong Kong and Mainland China.

(b) To expand the manufacturing arm of the Group

As part of the Group's plan to enhance the production efficiency of its own branded products and to capture future opportunities, the Group has developed a production plant for health supplements in Yunfu City of the Guangdong Province, the PRC. This facility has enabled the Group to manufacture health supplement products in-house, rather than outsourcing them to an external Original Equipment Manufacturer ("OEM"). This initiative aims to reduce production costs, increase operational efficiency and productivity, and ensure stricter quality control of the Group's own branded healthcare products. This facility is a long-term investment that will help the Group seize future opportunities in the health supplements market.

(c) To expand e-commerce for own-brand products

The Group will continue to develop and upgrade its e-commerce platform, which focuses on online sales of products under “Hin Sang (衍生)”, enabling customers, particularly customers in Mainland China, to place orders online and enjoy home delivery services.

Recognising the significant growth of e-commerce, the Group has implemented a marketing strategy to enhance brand influence, cultivate customer loyalty and expand its market share in the healthcare products industry. The Group has established a presence on popular e-commerce and social media platforms such as Xiaohongshu (小紅書), Douyin (抖音), Kuaishou (快手), Tmall (天貓) and JD.com (京東). To further expand its online sales network, the Group has partnered with influential key opinion leaders (KOLs) in e-commerce livestreaming. The Group will continue to introduce high-quality health supplements on these platforms while remaining innovative in its marketing approach to keep pace with consumer trends and reach a wider audience.

FINANCIAL REVIEW

Revenue

The Group's revenue was approximately HK\$91.9 million for the Year as compared to approximately HK\$92.6 million for the last year, representing a slight decrease of approximately 0.8%, which was mainly due to the decrease in the sales of products under the Product Development Segment and the Brand Development and Management segment.

For the Year, the revenue generated from the Product Development Segment was approximately HK\$90.1 million, representing a slight decrease of approximately 0.5% from approximately HK\$90.5 million for the last year. The revenue generated from the Brand Development and Management Segment was approximately HK\$838,000 for the Year, representing a decrease of approximately 40.7% from approximately HK\$1.4 million for the last year. The revenue generated from the Trading of Goods Segment was approximately HK\$349,000 for the Year, representing an increase of approximately 166.4% from approximately HK\$131,000 for the last year. The revenue generated from the Healthcare Segment was approximately HK\$628,000 for the Year, representing an increase of approximately 10.6% from approximately HK\$568,000 for the last year.

Cost of Sales

The Group's cost of sales decreased by approximately 10.2% from approximately HK\$35.2 million for the last year to approximately HK\$31.6 million for the Year. The decrease was mainly due to the success of our cost containment during the Year.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by approximately 5.0% from approximately HK\$57.4 million for the last year to approximately HK\$60.3 million for the Year. The gross profit margin increased from approximately 62.0% for the last year to approximately 65.6% for the Year, which mainly resulted from the increase in average unit price of higher profit margin products from the Product Development Segment.

Other Income

The Group's other income increased from approximately HK\$3.1 million for the last year to approximately HK\$3.7 million for the Year, which was mainly due to the increase in government grants from approximately HK\$1.4 million for the last year to approximately HK\$2.0 million for the Year.

Other Gains and Losses, net

The Group recorded other losses of approximately HK\$10.8 million for the Year (2024: approximately HK\$1.4 million). It was mainly attributable to the recognition of a loss on fair value of financial assets at fair value through profit or loss of approximately HK\$1.2 million for the Year (2024: gain of approximately HK\$6.7 million) and impairment loss recognised on property, plant and equipment and right-of-use assets of approximately HK\$8.2 million and HK\$1.0 million respectively for the Year (2024: approximately HK\$3.9 million and HK\$168,000 respectively).

Selling and Distribution Expenses

Selling and distribution expenses increased by approximately 19.2% from approximately HK\$12.5 million for the last year to approximately HK\$14.9 million for the Year. Such an increase in selling and distribution expenses was mainly attributable to the increase in advertising expenses due to the adjustment and upgrade to our marketing plans, increasing advertising placements, outdoor and indoor advertisements and online advertising.

Administrative and Other Operating Expenses

Administrative and other operating expenses increased by approximately HK\$1.9 million or 2.9% from approximately HK\$67.0 million for the last year to approximately HK\$68.9 million for the Year, which was mainly attributable to the increase in staff costs and repair and maintenance expenses.

Taxation

The Group recorded an income tax expense of approximately HK\$94,000 for the Year, as compared to an income tax credit of approximately HK\$395,000 for the last year.

Loss for the Year

As a result of the foregoing, the Group's net loss increased by approximately 35.8% from approximately HK\$36.4 million for the last year to approximately HK\$49.4 million for the Year.

Other Comprehensive (Expense)/Income

The Group recorded other comprehensive expense of approximately HK\$3.8 million for the Year, as compared to other comprehensive income of approximately HK\$5.8 million for the last year. The reason for the turnaround was mainly attributable to (i) a loss on fair value of financial assets at fair value through other comprehensive income of approximately HK\$4.9 million for the Year, as compared to a gain on fair value of financial assets at fair value through other comprehensive income of approximately HK\$9.4 million for the last year; and (ii) partially offset by a gain of exchange differences on translating foreign operations of approximately HK\$1.1 million for the Year, as compared to a loss of exchange differences on translating foreign operations of approximately HK\$3.6 million for the last year.

Financial Assets at Fair Value through Other Comprehensive Income

During the Year, the Group held certain investments for medium to long term purpose, and it represented investment in two listed equity securities which are stated at fair value.

The first listed equity security represents 2,375,300 shares in Fullshare (stock code: 607), and there was no acquisition or disposal of the shares of Fullshare during the Year. Fullshare is principally engaged in property, tourism, investment and financial services, healthcare and education and new energy businesses. As at 31 March 2025, the carrying amount of these shares amounted to approximately HK\$1.1 million (2024: approximately HK\$1.2 million), with the fair value loss of approximately HK\$83,000 recognised as other comprehensive expense for the Year, and these shares represented approximately 0.4% of the issued ordinary shares of Fullshare as at 31 March 2025. The carrying amount of these shares represented approximately 0.2% of the total assets of the Group as at 31 March 2025.

The second listed equity security represents 45,411,600 shares in Nanjing Sinolife United Company Limited (“**Nanjing Sinolife**”) (stock code: 3332). There was no acquisition or disposal of this investment during the Year. Nanjing Sinolife is principally engaged in the manufacturing and sale of nutritional supplements and the trading of packaged health food products in the PRC, Australia and New Zealand. As at 31 March 2025, the carrying amount of these shares amounted to approximately HK\$22.0 million (2024: approximately HK\$26.8 million), with the fair value loss of approximately HK\$4.8 million was recognised as other comprehensive expense for the Year, and these shares represented approximately 4.8% of the total issued ordinary shares of Nanjing Sinolife as at 31 March 2025. The carrying amount of these shares represented approximately 4.0% of the total assets of the Group as at 31 March 2025.

The fair value of these securities as at the date of this announcement was approximately HK\$21.8 million.

Inventories

The Group's inventories decreased by approximately 7.8% from approximately HK\$14.2 million as at 31 March 2024 to approximately HK\$13.1 million as at 31 March 2025, which was primarily due to the decrease in raw materials by approximately 32.3% from approximately HK\$4.0 million as at 31 March 2024 to approximately HK\$2.7 million as at 31 March 2025.

Financial Assets at Fair Value through Profit or Loss – Held for Trading

The Group held two listed equity securities for short term trading purpose and they are stated at fair value. They include 13,432,000 shares (2024: 13,710,000 shares) in Nanjing Sinolife and 25,000 shares (a share consolidation of every 8 ordinary shares into 1 consolidated share was effective on 7 March 2025) in Mansion International Holdings Limited (stock code: 8456). During the Year, 278,000 shares in Nanjing Sinolife were sold by the Group. As at 31 March 2025, the carrying amount of equity securities held for trading amounted to approximately HK\$6.5 million and represented approximately 1.2% of the total assets of the Group as at 31 March 2025.

The fair value of these securities as at the date of this announcement was approximately HK\$6.2 million.

Trade Receivables

The Group's trade receivables (net of allowance for credit losses) increased by approximately 26.7% from approximately HK\$7.9 million as at 31 March 2024 to approximately HK\$10.1 million as at 31 March 2025.

Trade Payables

The Group's trade payables decreased by approximately 11.6% from approximately HK\$9.0 million as at 31 March 2024 to approximately HK\$8.0 million as at 31 March 2025.

Liquidity, Gearing Ratio and Capital Structure

The Group's bank balances and cash were mainly denominated in HKD and RMB. The bank balances and cash increased by approximately 18.9% from approximately HK\$11.2 million as at 31 March 2024 to approximately HK\$13.4 million as at 31 March 2025. The Group's bank and other borrowings were denominated in HKD, RMB and USD. As at 31 March 2025, the amount of Group's outstanding bank and other borrowings was approximately HK\$342.8 million (2024: approximately HK\$319.4 million); and the amount of unutilised banking facilities was approximately HK\$21.3 million (2024: approximately HK\$8.3 million). As at 31 March 2025, bank and other borrowings included bank borrowings which bore floating interest rates and fixed rates of approximately HK\$276.5 million and HK\$27.2 million respectively and other borrowings which bore floating interest rates and fixed rates of approximately HK\$5.4 million and HK\$33.7 million respectively. The gearing ratio (total debts divided by total equity) as at 31 March 2025 was 2.2 (2024: 1.5). The current ratio (total current assets divided by total current liabilities) as at 31 March 2025 was 0.2 (2024: 0.2).

Contingent Liabilities

As at 31 March 2025, the Directors were not aware of any significant events that would have resulted in material contingent liabilities of the Group.

Charges on the Group's Assets

As at 31 March 2025, the carrying value of the assets of the Group that were pledged to secure the Group's borrowings was approximately HK\$445.6 million (2024: approximately HK\$451.1 million).

Capital Commitment

As at 31 March 2025, the Group did not have any capital commitment in respect of the acquisition of property, plant and equipment (2024: Nil).

Financial Management and Policy

The Group continues to adopt prudent financing and treasury policies. The Group's entire financing and treasury activities are centrally managed and controlled. Implementation of the Group's related policies is made under collective but extensive considerations on liquidity risk, financing cost and exchange rate risk. The executive Directors, with the assistance of the Group's financial controller, are responsible for identifying, reviewing, evaluating and analysing the investment opportunities of the Group. The executive Directors also regularly monitor the cash position and funding requirements of the Group.

Foreign Exchange Exposure

Foreign exchange risk represents the risk to the Group's financial conditions and results of operations arising from fluctuations of foreign exchange rates. The Group primarily operates in Hong Kong and the Mainland China and most of its business transactions, assets and liabilities are denominated in HKD and RMB. The Group is exposed to foreign currency risk primarily in respect of RMB denominated transactions from its operations in the Mainland China and its foreign currency borrowings denominated in RMB and USD. As a matter of policy, the management of the Group regularly and closely monitors the Group's foreign currency exposure to efficiently and effectively manage these risks and considers hedging against significant foreign currency exposure should the need arises. During the Year, the Group did not enter into any financial instruments to hedge against its foreign currency risk exposure, as the management is of the opinion that the related foreign currency risk exposure has not adversely affected the Group's liquidity or operations and is manageable.

Subsequent Event

There has been no significant event affecting the Group which occurred after 31 March 2025 and up to the date of this announcement which requires disclosure.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

There were no significant investments held, no material acquisitions or disposals of subsidiaries, associates or joint ventures by the Group during the Year.

OTHER INFORMATION

EXTRACT OF INDEPENDENT AUDITORS' REPORT

The following is an extract of independent auditors' report issued by the Company's external auditors:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to note 2 in the consolidated financial statements, which indicates that the Group incurred a net loss of approximately HK\$49,420,000 during the year ended 31 March 2025 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK\$220,620,000. As stated in note 2, these events or conditions, along with other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the Year (2024: Nil).

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the forthcoming annual general meeting of the Company, the register of members of the Company will be closed from Monday, 22 September 2025 to Thursday, 25 September 2025, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the above meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Friday, 19 September 2025.

CORPORATE GOVERNANCE PRACTICES

The Board and senior management of the Group strive to maintain a high standard of corporate governance, to formulate sound corporate governance practice for improvement of accountability and transparency in operations, and to strengthen the internal control system from time to time so as to ensure Shareholders' expectations are met.

Compliance with Corporate Governance Code

Throughout the Year, the Company has applied the principles and the code provisions set out in the Corporate Governance Code (“**CG Code**”) contained in Appendix C1 to the Listing Rules. The Board is of the view that during the Year, the Company has complied with all applicable code provisions set out in the CG Code except for the deviations stipulated below:

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Pang Siu Hin is both the chairman and the chief executive officer of the Company. In view of the fact that Mr. Pang is one of the co-founders of the Group and has been operating and managing the Group effectively since 1996, the Board believes that it is in the best interest of the Group to have Mr. Pang taking up both roles for ensuring consistent leadership and enabling more effective management and business development with his profound knowledge and experience in the industry. The Board therefore considers that the deviation from code provision C.2.1 is reasonably justified under such circumstances. Further, the other Board members and the senior management will provide check and balance of power and authority. The Board considers that the balance of power and authority for the present arrangement will not be impaired.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. The Company has made specific enquiries with all Directors and all Directors confirmed that they had complied with the standards required by the Model Code during the Year.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold and redeemed any of the Shares (including sale of treasury shares (as defined in the Listing Rules)) during the Year.

REVIEW OF ANNUAL RESULTS

The Group's consolidated financial statements for the Year have been reviewed by the Audit Committee.

SCOPE OF WORK OF THE COMPANY’S AUDITORS

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in this annual results announcement have been agreed by the Group’s auditors, HLB Hodgson Impey Cheng Limited (“**HLB**”), to the amounts set out in the Group’s audited consolidated financial statements for the Year. The work performed by HLB in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by HLB on this annual results announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.hinsanggroup.com. The annual report of the Company for the Year will be published on the respective websites of the Stock Exchange and the Company in due course pursuant to the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below.

“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors
“Brand Development and Management Segment”	the business segment in which the Group purchases primarily personal care products from the brand proprietors and manages and develops the brand of such products
“Company”	Hin Sang Group (International) Holding Co. Limited (衍生集團 (國際) 控股有限公司), an exempted company incorporated with limited liability in the Cayman Islands on 28 October 2010
“Director(s)”	the directors of the Company
“Fullshare”	Fullshare Holdings Limited (豐盛控股有限公司), a company incorporated in the Cayman Islands with limited liability whose issued shares are listed on the Stock Exchange (stock code: 607)
“Group”	the Company and its subsidiaries
“Healthcare Segment”	the business segment in which the Group engages in providing Chinese medical healthcare related services which targets for mothers and children in Mainland China
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China

“Product Development Segment”	the business segment in which the Group develops own personal care products, health supplements and household products sold under its own brands, including but not limited to “Hin Sang (衍生)”, “Tai Wo Tong (太和堂)”, “Care Plus (私+呵護)”, “King’s Antiseptic (殺菌王)”, “Weverse (營漢方)” and “Yabune (神之泉)”.
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Share Option Scheme”	the share option scheme adopted by the Company on 25 September 2014
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trading of Goods Segment”	the business segment in which the Group engages in trading and distributing skin care products, personal care products and household products purchased from various authorised dealers and independent traders or directly from suppliers
“USD”	United States dollars, the lawful currency of the United States
“Year”	the year ended 31 March 2025

By Order of the Board
Hin Sang Group (International) Holding Co. Ltd.
Pang Siu Hin
Chairman

Hong Kong, 27 June 2025

As at the date of this announcement, the executive Directors are Mr. Pang Siu Hin and Ms. Kwan Lai Man, the non-executive Director is Ms. Tian Shanshan, and the independent non-executive Directors are Mr. Lau Chi Kit, Mr. Lee Luk Shiu and Dr. Tang Sing Hing, Kenny.