SUN HING PRINTING HOLDINGS LIMITED
新 興 印 刷 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1975)

FINAL RESULTS
FOR THE YEAR ENDED 30 JUNE 2019

The board of directors (the "Board") of Sun Hing Printing Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 30 June 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the year ended 30 June	
		2019	2018
	Notes	***HK$'000***	*HK$'000*
REVENUE	*3*	**282,037**	270,195
Cost of sales		**(180,913)**	(179,658)
Gross profit		**101,124**	90,537
Other income	*3*	**3,641**	2,351
Selling and distribution expenses		**(4,586)**	(4,234)
Administrative expenses		**(58,973)**	(58,434)
Other operating expenses, net		**(200)**	(347)
Listing expenses		**–**	(14,427)
PROFIT BEFORE TAX	*4*	**41,006**	15,446
Income tax expense	*5*	**(8,754)**	(6,429)
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**32,252**	9,017
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		***HK cents***	*HK cents*
Basic and diluted	*7*	**6.72**	2.07

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**32,252**	9,017
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(3,528)**	2,955
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**(3,528)**	2,955
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	**28,724**	11,972

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2019** *HK$'000*	30 June 2018 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**54,197**	55,465
Intangible asset		**2,700**	2,700
Prepayments and deposits		**6,764**	5,048
Deferred tax asset		**149**	94
Total non-current assets		**63,810**	63,307
CURRENT ASSETS			
Inventories		**25,061**	19,849
Trade receivables	*8*	**54,541**	51,431
Prepayments, deposits and other receivables		**12,187**	9,447
Tax recoverable		**272**	807
Restricted cash		**11,402**	1,560
Cash and cash equivalents		**174,651**	189,097
Total current assets		**278,114**	272,191
CURRENT LIABILITIES			
Trade payables	*9*	**16,003**	17,411
Other payables and accruals		**17,050**	15,182
Amount due to a director		**–**	3
Tax payable		**9,527**	13,062
Total current liabilities		**42,580**	45,658
NET CURRENT ASSETS		**235,534**	226,533
TOTAL ASSETS LESS CURRENT LIABILITIES		**299,344**	289,840
NON-CURRENT LIABILITY			
Deferred tax liability		**130**	150
Net assets		**299,214**	289,690
EQUITY			
Equity attributable to owners of the Company			
Share capital		**4,800**	4,800
Reserves		**294,414**	284,890
Total equity		**299,214**	289,690

NOTES TO FINANCIAL STATEMENTS

1.1 CORPORATION AND GROUP INFORMATION

Sun Hing Printing Holdings Limited (the "Company") is a limited liability company incorporated in the Cayman Islands. The registered address of the Company is P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company is located at 4/F., Sze Hing Industrial Building, 35–37 Lee Chung Street, Chai Wan, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") were engaged in the manufacturing and sale of printing products during the year.

1.2 BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in thousands of Hong Kong dollars ("HK$'000"), unless otherwise stated.

1.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC) – Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28

Other than as explained below regarding the impact of HKFRS 9 and HKFRS 15, the adoption of the above new and revised standards has had no significant financial effect on these financial statements.

(a) HKFRS 9 Financial Instruments replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 July 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The Group has recognised the transition adjustments against the applicable opening balances in equity at 1 July 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 39.

Changes to the impairment model

(i) Trade receivables

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected losses for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. Future cash flows for each group of receivables are estimated on the basis of historical loss experience, adjusted to reflect the effects of current conditions as well as forward looking information. Management has closely monitored the credit qualities and the collectability of the trade receivables. Trade receivables in dispute are assessed individually for impairment to determine whether specific loss allowance provisions are required. The adoption of the simplified expected credit loss approach under HKFRS 9 has not resulted in any additional impairment loss for trade receivables as at 1 July 2018.

(ii) Other financial assets carried at amortised cost

For other financial assets carried at amortised cost, including cash and cash equivalents, restricted cash, and financial assets included in prepayments, deposits and other receivables, the expected credit loss is based on the 12-month expected credit loss. This represents the portion of lifetime expected credit loss that results from default events on the financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit loss. Management has closely monitored the credit qualities and the collectability of other financial assets at amortised cost and considers that the expected credit loss is immaterial.

(b) HKFRS 15 and its amendments replace HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. HKFRS 15, issued in July 2014, establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs.

As a result of the application of HKFRS 15, the Group has changed the accounting policy with respect to revenue recognition.

The Group has adopted HKFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that are not completed as at 1 July 2018.

The cumulative effect of the initial application of HKFRS 15 was recognised as an adjustment to the opening balance of retained profits as at 1 July 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 11, HKAS 18 and related interpretations.

Before the adoption of HKFRS 15, the Group recognised consideration received from customers in advance as other payables included in other payables and accruals. Under HKFRS 15, the amount is classified as contract liabilities which are included in other payables and accruals.

Therefore, upon adoption of HKFRS 15, the Group reclassified HK$564,000 from other payables to contract liabilities as at 1 July 2018 in relation to the consideration received from customers in advance as at 1 July 2018.

As at 30 June 2019, under HKFRS 15, HK$1,442,000 was reclassified from other payables to contract liabilities in relation to the consideration received from customers in advance for the sale of goods.

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group has only one reportable operating segment which is the manufacturing and sale of printing products.

Geographical information

(a) Revenue from external customers

	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**198,076**	170,728
United States of America	**45,628**	62,038
Others	**38,333**	37,429
	282,037	270,195

The revenue information above is based on the locations of the customers.

(b) Non-current assets

No geographical information is presented as over 90% of the Group's non-current assets are located in Mainland China as at 30 June 2019 and 2018.

Information about major customers

Revenue from each of the major customers, which amounted to 10% or more of the total revenue, is set out below:

	2019	2018
	HK$'000	*HK$'000*
Customer A	**52,852**	53,312
Customer B	**32,093**	37,342
Customer C	**37,574**	33,033
Customer D	**39,597**	N/A*
	162,116	123,687

* Less than 10% of the Group's revenue

3. REVENUE AND OTHER INCOME

An analysis of the Group's revenue and other income is as follows:

	2019	2018
	HK$'000	*HK$'000*
Revenue		
Revenue from contracts with customers	**282,037**	–
Sale of goods	**–**	270,195
	282,037	270,195

Revenue from contracts with customers
Disaggregated revenue information

For the year ended 30 June 2019	**HK$'000**
Sale of goods transferred at a point in time	**282,037**

	2019	2018
	HK$'000	*HK$'000*
Other income		
Interest income	**3,640**	2,343
Others	**1**	8
	3,641	2,351

4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2019	2018
	HK$'000	*HK$'000*
Cost of inventories sold#	**180,913**	179,658
Depreciation	**9,608**	8,841
Minimum lease payments under operating leases	**12,151**	10,436
Auditor's remuneration	**1,337**	1,272
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	**58,425**	53,735
Pension scheme contributions	**4,642**	(182)
	63,067	53,553
Foreign exchange differences, net*	**158**	335
Loss on disposal of items of property, plant and equipment*	**42**	12
Write-down of inventories**	**668**	–

\# Cost of inventories sold includes HK$61,532,000 (2018: HK$50,095,000) of employee benefits expense, depreciation and minimum lease payments under operating leases, which are also included in the respective total amounts disclosed above for each of these types of expenses.

* These items are included in "Other operating expenses, net" on the face of the consolidated statement of profit or loss.

** This item is included in "Cost of sales" on the face of the consolidated statement of profit or loss.

5. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in such jurisdictions. Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. The People's Republic of China ("PRC") tax has been provided at the rate of 25% (2018: 25%) on the estimated assessable profits arising in the PRC.

	2019	2018
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**6,116**	5,006
Under/(over) provision in prior years	**(23)**	105
Current – PRC		
Charge for the year	**2,736**	1,378
Deferred	**(75)**	(60)
Total tax charge for the year	**8,754**	6,429

6. DIVIDENDS

	2019	2018
	HK$'000	*HK$'000*
Interim divided	**4,800**	–
Proposed final dividend	**12,000**	14,400
	16,800	14,400

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

7. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to equity holders of the Company, and the weighted average number of ordinary shares of 480,000,000 (2018: 434,630,137) in issue during the year. The weighted average number of ordinary shares for the year ended 30 June 2018 is calculated based on the assumption that the capitalisation issue in connection with the listing of the Company had been completed on 1 July 2017.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 30 June 2019 and 2018 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years ended 30 June 2019 and 2018.

The calculations of basic and diluted earnings per share are based on:

	2019	2018
	HK$'000	*HK$'000*
Earnings		
Profit attributable to equity holders of the Company	**32,252**	9,017
	2019	2018
Shares		
Weighted average number of ordinary shares in issue during the years	**480,000,000**	434,630,137
	HK cents	*HK cents*
Earnings per share		
Basic and diluted	**6.72**	2.07

8. TRADE RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**54,541**	51,431

The Group's trading terms with its customers are mainly on credit. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a policy to manage its risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2019	2018
	HK$'000	*HK$'000*
Within 1 month	**24,865**	24,334
1 to 2 months	**21,551**	17,512
2 to 3 months	**6,816**	7,576
Over 3 months	**1,309**	2,009
	54,541	51,431

9. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2019	2018
	HK$'000	*HK$'000*
Within 1 month	**8,780**	9,612
1 to 2 months	**7,013**	6,765
2 to 3 months	**183**	990
Over 3 months	**27**	44
	16,003	17,411

The trade payables are non-interest-bearing and are normally settled within three months.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATION

Sun Hing Printing Holdings Group is a one-stop printing service provider. Our printing services can be broadly categorised into (i) packaging printing services which cover, among others, corrugated boxes, gift boxes, card boxes and product boxes; (ii) booklet printing services which cover, among others, instruction manuals, hardback books and booklets; (iii) card printing services which cover, among others, colour cards, insert cards, warranty cards and plain cards; (iv) IT technology printing services which cover, among others, Near-field communications ("NFC") tags, Radio-frequency Identification ("RFID") labels and Real QR code; and (v) other printing services which cover, among others, stickers, colour papers, yupo papers, red packets and paper bags.

The printing industry is facing intense competition. In addition to the rising raw material costs and labor costs, and stringent environmental protection policies implemented by the government of The People's Republic of China ("PRC"), the above factors pose challenges to the Group's business operations.

The Group's revenue increased by approximately 4.4% to approximately HK$282.0 million for the year ended 30 June 2019 compared to last year. The increase of the Group's revenue is mainly due to the increase in contribution from booklet printing. The gross profit also increased by approximately 11.7% from approximately HK$90.5 million for the year ended 30 June 2018 to approximately HK$101.1 million for the year ended 30 June 2019, as a result of the increase in revenue.

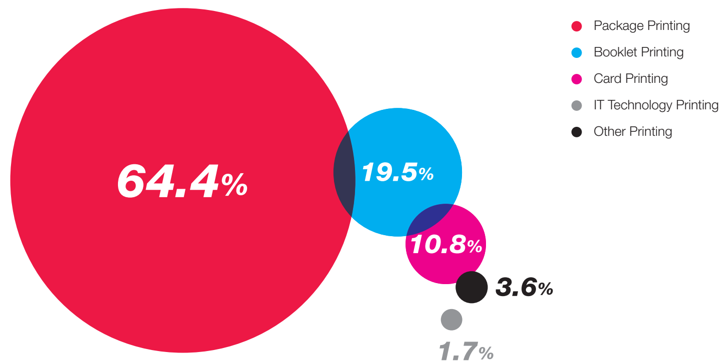
Following the increase in revenue and the decrease in paper costs, our gross profit margin also increased from approximately 33.5% during the year ended 30 June 2018 to approximately 35.9% during the year ended 30 June 2019. Our profit for the year increased by approximately HK$23.3 million from approximately HK$9.0 million for the year ended 30 June 2018 to approximately HK$32.3 million for the year ended 30 June 2019, as a result of the absence of listing expenses; and the stringent cost control policies being adopted during the year. The net profit margin increased from approximately 3.3% for the year ended 30 June 2018 to approximately 11.4% for the year ended 30 June 2019.

Basic earnings per share for the year ended 30 June 2019 was HK6.72 cents, compared to a basic earnings per share of HK2.07 cents for the year ended 30 June 2018.

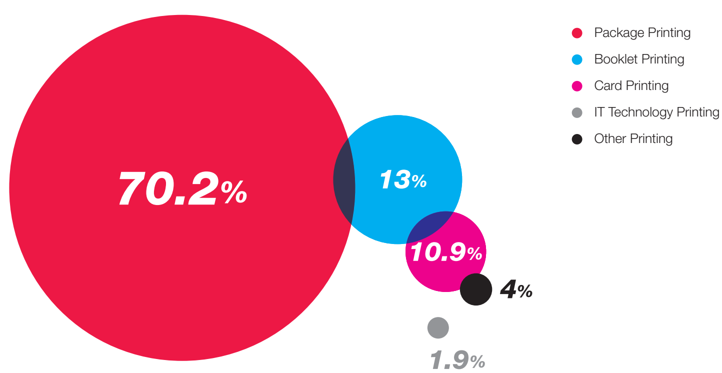
BUSINESS UNIT OVERVIEW

The Group comprises five key business units (2018: five).

Revenue contribution for the year ended 30 June 2019



Revenue contribution for the year ended 30 June 2018



Packaging printing

Packaging printing services cover, among others, corrugated boxes, gift boxes, card boxes and product boxes. For the year ended 30 June 2019, revenue from packaging printing decreased by approximately 4.2% to approximately HK$181.7 million as compared to approximately HK$189.7 million for the year ended 30 June 2018. The decrease in revenue from packaging printing was mainly due to the breakout of trade war between China and the United States of America ("the USA") during the year, which our customers has been more cautious and conservative on the spending on promotion and package.

Booklet printing

Booklet printing services cover, among others, instruction manuals, hardback books and booklets. For the year ended 30 June 2019 revenue from booklet printing increased by approximately 57.0% to approximately HK$55.1 million as compared to approximately HK$35.1 million for the year ended 30 June 2018. The increase in revenue from booklet printing was mainly due to increasing customers orders received on booklet printing.

Card printing

Card printing services cover, among others, colour cards, insert cards, warranty cards and plain cards. For the year ended 30 June 2019, revenue from card printing increased by approximately 3.4% to approximately HK$30.5 million as compared to 2018.

IT Technology printing

IT Technology printing services cover, among others, RFID labels and NFC tags, in order to provide value-added services to our existing and potential customers. For the year ended 30 June 2019, the Group recorded the revenue of approximately HK$4.6 million from IT Technology printing services with a decrease of approximately HK$0.5 million as compared to 2018.

Other printing

Other printing services cover, among others, stickers, colour papers, yupo papers, red packets and paper bag. For the year ended 30 June 2019, revenue from other printing decreased by approximately 6.5% to approximately HK$10.1 million as compared to 2018.

OUTLOOK

The year 2018/19 was challenging due to the breakout of the trade war between China and the USA, which had an adverse impact on market sentiments and clouded global economy. Furthermore, volatility of raw material costs, increase in labour costs, and the imposition of various stringent environmental control requirements in China also posed additional challenges to the Group’s business operations and growth in the future.

To cope with the abovementioned challenges, and to maintain the market competitiveness of the Group, the management has taken various steps to mitigate the Group's operational risk, such as a better control over our manufacturing costs in order to make our printing products to be more competitive in the market and be cautious on the pricing of our printing products, especially on the potential impact of trade tariff to be imposed by the USA. In addition, our Group explores opportunities on promoting the technology printing services to our customers, which can differentiate ourselves from others. With the Group's experienced management team and reputation in the printing industry, our management believes the Group is well-equipped to face the forthcoming challenges and to maintain sustainable growth.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 4.4% to approximately HK$282.0 million for the year ended 30 June 2019 compared to approximately HK$270.2 million for the year ended 30 June 2018. The increase of the revenue is mainly due to the increase in revenue contribution from booklet printing.

Gross profit and gross profit margin

Gross profit increased by approximately 11.7% from approximately HK$90.5 million for the year ended 30 June 2018 to approximately HK$101.1 million for the year ended 30 June 2019, as a result of the increase in revenue.

Following the increase in revenue and the decrease in paper costs, our gross profit margin increased from approximately 33.5% during the year ended 30 June 2018 to approximately 35.9% during the year ended 30 June 2019.

Administrative Expenses

Administrative expenses remained relatively stable of approximately HK$59.0 million and HK$58.4 million for the years ended 30 June 2019 and 2018.

Selling and distribution expenses

Selling and distribution expenses was approximately HK$4.6 million and HK$4.2 million for the years ended 30 June 2019 and 2018 which mainly included salaries and freight charges. Selling and distribution expenses increased was mainly because of increase in the freight charges for delivering the finished goods to our customers.

Other operating expenses, net

Other operating expenses was approximately HK$0.2 million and HK$0.3 million for the years ended 30 June 2019 and 2018 which mainly include exchange gain or loss.

Other income

Other income was approximately HK$2.4 million for the year ended 30 June 2018 and increased to approximately HK$3.6 million for the year ended 30 June 2019. The increase in the amount was mainly due to the increase in the interest income generated from time deposits made during the current year.

Listing expenses

In the prior year, the Group recorded listing expenses of approximately HK$14.4 million in connection with the preparation for the listing of the shares of the Company on the Main Board of the Stock Exchange. No such expenses was incurred during the year ended 30 June 2019.

Income tax expense

Income tax expense increased by approximately HK$2.4 million from approximately HK$6.4 million for the year ended 30 June 2018 to approximately HK$8.8 million for the year ended 30 June 2019. The effective tax rates for the year ended 30 June 2019 and 2018 are 21.3% and 41.6%, respectively. For illustrative purpose, without taken into account the one-off listing expenses, the effective tax rates for the years ended 30 June 2019 and 2018 are relatively stable at 21.3% and 21.5%, respectively.

Liquidity and capital resources

Our net assets amounted to approximately HK$299.2 million and approximately HK$289.7 million as at 30 June 2019 and 30 June 2018 respectively. The increase in net assets was primarily due to the profit generated from the operation during the current year.

The Group derives its working capital mainly from cash and cash equivalents and net cash generated from operating activities. The directors expects that the Group will rely on the internally generated funds and unutilised net proceeds from the listing of the shares of the Company on The Stock Exchange of Hong Kong Limited on 16 November 2017, in the absence of unforeseen circumstances.

As at 30 June 2019, our cash and bank balances amounted to approximately HK$186.1 million (30 June 2018: approximately HK$190.7 million); and our net current assets were approximately HK$235.5 million (30 June 2018: approximately HK$226.5 million). The current ratio, being current assets over current liabilities, was approximately 6.5 and 6.0 as at 30 June 2019 and 30 June 2018.

As at 30 June 2019, the Group had approximately HK$186.1 million total cash on hand, of which approximately HK$11.4 million was restricted cash and denominated in Euro. For the remaining approximately HK$174.7 million, approximately HK$62.5 million was denominated in Hong Kong Dollars, approximately HK$102.7 million was denominated in US Dollars, and approximately HK$9.5 million was denominated in Renminbi. The Group’s cash in US Dollars and Renminbi was held to support its core operational needs. In addition, the Group had approximately HK$155.0 million of fixed time deposits and wealth management products with maturity within 12 months. For the fixed time deposits and wealth management products, approximately HK$52.0 million was denominated in Hong Kong Dollars, approximately HK$97.3 million was denominated in US Dollars and approximately HK$5.7 million was denominated in Renminbi.

As at 30 June 2019 and 30 June 2018, the Group did not have any interest-bearing bank borrowings, and thus the computation of the gearing ratios were not applicable as at 30 June 2019 and 30 June 2018.

During the year, the Group recorded over HK$10.8 million in capital expenditure, which was mostly deployed for automation and equipment upgrades.

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

The Group did not have any material contingent liabilities and did not pledge any assets as at 30 June 2019 and 30 June 2018.

EVENT AFTER THE REPORTING PERIOD

The Group has no significant events after the reporting period up to the date of this announcement.

OUR EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2019, we had 822 employees in Hong Kong and the Mainland China. During the peak season namely from June to September for each year, in order to maximise our production capacity, we expand our employees for production, who are principally responsible for certain post-press processes and packaging which have to be done manually and cannot otherwise be achieved by automatic machines.

Our direct labour cost, including salaries, bonuses and other employee's benefits, amounted to approximately HK$29.3 million and approximately HK$27.4 million for the year ended 30 June 2019 and 2018, respectively. Remuneration packages are generally structured by reference to market terms and individual qualifications. Salaries and wages are normally reviewed annually based on performance appraisals and other relevant factors.

DIVIDEND

The Directors recommend a final dividend of HK2.5 cents per share in cash. The proposed final dividend is subject to shareholders' approval at the forthcoming annual general meeting of the Company. These, together with an interim dividend of HK1 cent (2018: Nil) per share paid in March 2019, will make a total dividend of HK3.5 cents (2018: HK3 cents) per share for the current year. The proposed final dividend is expected to be distributed on Wednesday, 18 December 2019 to shareholders whose names appear on the Register of Members of the Company on Monday, 9 December 2019.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Tuesday, 26 November 2019 to Friday, 29 November 2019, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting of the Company, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m., on Monday, 25 November 2019.

The Register of Members of the Company will be closed from Thursday, 5 December 2019 to Monday, 9 December 2019, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m., on Wednesday, 4 December 2019.

USE OF PROCEEDS

Net proceeds from the initial public offering were HK$124.0 million after deducting all the direct costs associated with the Listing.

As at 30 June 2019, the Group had used approximately HK$24.8 million for equipment upgrades on the improvement of the production process, approximately HK$8.3 million for general working capital and approximately HK$0.2 million for the consultation of the upgrade of enterprise resources planning ("ERP") system. During the year, the net proceeds have been used for the purpose consistent with the section headed "Future Plans and Use of Proceeds" as set out in the prospectus of the Company dated 2 November 2017 (the "Prospectus").

Details of the allocation of the net proceeds, and the utilisation of the net proceeds as at 30 June 2019 are set out below:

Intended application of the net proceeds	**Percentage of total proceeds**	**Planned applications**	**Actual usage up to 30 June 2019**	**Unutilised net proceeds as at 30 June 2019**
	%	*HK$ in million*	*HK$ in million*	*HK$ in million*
Purchase four presses by stages	65.0	80.6	24.8	55.8
Relocate Shenzhen Factory	25.0	31.0	–	31.0
Upgrade ERP system	3.3	4.1	0.2	3.9
General working capital	6.7	8.3	8.3	–
Total		124.0	33.3	90.7

On 10 January 2017, the Group have entered into a legally binding memorandum of understanding (the "MOU") with an independent third party (the "New Landlord"). Pursuant to the MOU, we have the right to lease, and the New Landlord shall lease to us, for three years (with an option to renew granted for us for further three years), some of the area as our new plant (the "New Plant") within the piece of land located at Xiagang Community, Dongguan City, Guangdong Province, the PRC (中華人民共和國廣東省東莞市廈崗社區) for industrial use.

However, the New Landlord has sold the land together with the New Plant to an independent third party, and hence there is a delay for the relocation plan and the Company may not be able to relocate the factory as originally scheduled as mentioned in the section headed "Future Plans and Use of Proceeds" in the Prospectus. Please refer to the "Voluntary Announcement — Business Updates" dated 11 July 2018 for details.

On 3 June 2019, the Group entered into a cooperation framework agreement (the "Cooperation Framework Agreement") in relation to the leasing and relocation of the Group's Shenzhen Factory to the New Plant.

According to the Cooperation Framework Agreement, an Independent Third Party (the "Developer" shall develop and construct factory, office building, staff dormitory and utilities (the "New Properties") on a piece of self-owned industrial land located in Huizhou City (惠州市) in the PRC.

To the best knowledge of the Directors, it is expected that the negotiating, finalising and signing of the Tenancy Agreement would take place by the fourth quarter of 2021, a separate Tenancy Agreement to lease the New Properties shall be entered into between the Developer and the Group after negotiation and obtaining the approval from the relevant PRC authorities.

The Company will make further announcement(s), as and when appropriate, in relation to the status of the construction and leasing of the New Properties, the Cooperation Framework Agreement and the relocation plan of the Group in accordance with the Listing Rules. Please refer to the Voluntary Announcement – Business Updates" dated 6 September 2019 for details.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's securities throughout the year ended 30 June 2019.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions as set out on in the Code of Corporate Governance (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company has complied with all the applicable code provisions in the CG Code throughout the year ended 30 June 2019.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the directors. Based on specific enquiry of the Company's directors, the directors have confirmed that they have complied with the required standard of dealings as set out in the Model Code, throughout the year ended 30 June 2019.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme on 9 October 2017 (the "Scheme"). No share option has been granted since the adoption of the Scheme and there was no share option outstanding as at 30 June 2019.

AUDIT COMMITTEE

The audit committee of the Company comprises three independent non-executive directors namely Mr. Ng Sze Yuen, Terry, Dr. Chu Po Kuen, Louis and Mr. Ho Yuk Chi. The audit committee of the Company has reviewed the final results for the year ended 30 June 2019 and the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for year ended 30 June 2019 have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year ended 30 June 2019. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The Company's annual results announcement for the year ended 30 June 2019 is published on the website of Hong Kong Exchange and Clearing Limited at **www.hkexnews.hk** and the Company's website at **www.sunhingprinting.com**. The annual report of the Company for the year ended 30 June 2019, containing information required by the Listing Rules, will be dispatched to shareholders of the Company and published on the above websites in due course.

APPRECIATION

The Board of the Company would like to express its sincere appreciation to the shareholders, business partners and staff for their continuous support to the Group.

By Order of the Board
Sun Hing Printing Holdings Limited
Mr. CHAN Peter Tit Sang
Chairman and Executive Director

Hong Kong, 18 September 2019

As at the date of this announcement, the Board comprises Mr. Chan Peter Tit Sang, Mr. Chan Kenneth Chi Kin, Mr. Chan Chi Ming and Mr. Chan Chun Sang Desmond as executive directors; Mr. Ng Sze Yuen Terry, Dr. Chu Po Kuen Louis and Mr. Ho Yuk Chi as independent non-executive directors.