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 2021

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 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the year ended 30 June	
		2021	2020
	Notes	***HK$'000***	*HK$'000*
REVENUE	*3*	**380,090**	311,835
Cost of sales		**(228,577)**	(197,148)
Gross profit		**151,513**	114,687
Other income	*3*	**2,829**	4,260
Government grants	*3*	**2,753**	823
Selling and distribution expenses		**(5,307)**	(5,074)
Administrative expenses		**(61,291)**	(60,018)
Other operating income, net		**4,192**	565
Finance costs	*5*	**(907)**	(1,493)
PROFIT BEFORE TAX	*4*	**93,782**	53,750
Income tax expense	*6*	**(15,950)**	(8,897)
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**77,832**	44,853
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		***HK cents***	*HK cents*
Basic and diluted	*8*	**16.22**	9.34

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 30 June	
	2021	2020
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**77,832**	44,853
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	**8,329**	(4,150)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**8,329**	(4,150)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	**86,161**	40,703

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2021 HK$'000	30 June 2020 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**72,051**	60,625
Right-of-use assets		**9,650**	17,789
Intangible asset		**2,700**	2,700
Financial asset at fair value through profit or loss	*9*	**10,588**	10,039
Prepayments and deposits		**32,112**	17,181
Deferred tax assets		**4,687**	3,773
Total non-current assets		**131,788**	112,107
CURRENT ASSETS			
Inventories		**67,079**	24,385
Trade receivables	*10*	**81,930**	61,922
Prepayments, deposits and other receivables		**4,982**	8,293
Restricted cash		**919**	–
Cash and cash equivalents		**203,510**	204,120
Total current assets		**358,420**	298,720
CURRENT LIABILITIES			
Trade payables	*11*	**28,924**	15,950
Other payables and accruals		**36,842**	31,024
Lease liabilities		**10,087**	11,422
Tax payable		**28,989**	21,393
Total current liabilities		**104,842**	79,789
NET CURRENT ASSETS		**253,578**	218,931
TOTAL ASSETS LESS CURRENT LIABILITIES		**385,366**	331,038
NON-CURRENT LIABILITIES			
Lease liabilities		**83**	7,853
Deferred tax liability		**5**	68
Total non-current liabilities		**88**	7,921
Net assets		**385,278**	323,117
EQUITY			
Equity attributable to owners of the Company			
Share capital		**4,800**	4,800
Reserves		**380,478**	318,317
Total equity		**385,278**	323,117

NOTES TO FINANCIAL STATEMENTS

1.1 CORPORATION AND GROUP INFORMATION

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 Group were engaged in the manufacture 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, except for a financial asset at fair value through profit or loss which has been measured at fair value. 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 *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below:

(a) *Conceptual Framework for Financial Reporting 2018* (the "Conceptual Framework") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

(b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 July 2020. The amendments did not have any impact on the financial position and performance of the Group.

(c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("RFR"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

(d) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

2. OPERATING SEGMENT INFORMATION

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

Geographical information

(a) Revenue from external customers

	2021	2020
	HK$'000	*HK$'000*
Hong Kong	**157,429**	160,784
Europe	**148,384**	68,337
United States of America	**24,363**	39,690
The People's Republic of China (the "PRC")	**18,580**	20,867
Others	**31,334**	22,157
	380,090	311,835

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

(b) Non-current assets

	2021	2020
	HK$'000	*HK$'000*
The PRC	**106,915**	88,686
Hong Kong	**3,494**	4,174
	110,409	92,860

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

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:

	2021	2020
	HK$'000	*HK$'000*
Customer A	**52,227**	57,778
Customer B	**188,915**	87,252
Customer C	**50,634**	36,239
	291,776	181,269

3. REVENUE, OTHER INCOME AND GOVERNMENT GRANTS

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

	2021	2020
	HK$'000	*HK$'000*
Revenue		
Revenue from contracts with customers	**380,090**	311,835

Revenue from contracts with customers
Disaggregated revenue information

	2021	2020
	HK$'000	*HK$'000*
Sale of products transferred at a point in time	**380,090**	311,835

	2021	2020
	HK$'000	*HK$'000*
Other income and government grants		
Interest income	**2,515**	3,563
COVID-19-related rent concessions	**–**	485
Others	**314**	212
	2,829	4,260
Government grants *(note)*	**2,753**	823
	5,582	5,083

Note: During the year, the government grants have been received from the Employee Support Scheme under the Anti-epidemic Fund of the Government of the Hong Kong Special Administrative Region and for innovative and technology enhancement in the PRC. In the prior year, the government grants were received for upgrade of machinery in the PRC and support for research activities in Hong Kong. There are no unfulfilled conditions or contingencies relating to these grants.

4. PROFIT BEFORE TAX

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

	2021	2020
	HK$'000	*HK$'000*
Cost of inventories sold#	**228,577**	197,148
Depreciation of property, plant and equipment	**9,048**	8,016
Depreciation of right-of-use assets	**11,570**	12,635
Lease payments not included in the measurement of lease liabilities	**3,216**	3,108
Auditor's remuneration	**1,314**	1,309
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries***	**73,226**	66,559
Pension scheme contributions^	**2,652**	2,693
	75,878	69,252
Foreign exchange differences, net*	**(4,203)**	(559)
Loss on disposal of items of property, plant and equipment*	**462**	33
Write-down of inventories**	**440**	87
Fair value gain on a financial asset at fair value through profit or loss*	**(549)**	(39)
Write-off of trade receivables*	**98**	–

Cost of inventories sold includes HK$75,651,000 (2020: HK$69,505,000) of employee benefit expense, depreciation, lease payments and write-down of inventories, the respective amounts of 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 income, 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.

*** This item includes provision for redundancy cost of HK$3,495,000 (2020: HK$10,304,000), which is included in "Cost of sales" on the face of the consolidated statement of profit or loss.

^ During the year ended 30 June 2021, there were no forfeited contributions (by employers on behalf of employees who left the scheme prior to vesting fully in such contributions) may be used by the employer to reduce the existing level of contributions (2020: Nil). As at 30 June 2021, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2020: Nil).

5. FINANCE COSTS

	2021	2020
	HK$'000	*HK$'000*
Interest on lease liabilities	**907**	1,493

6. 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% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2020: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2020: 8.25%) and the remaining assessable profits are taxed at 16.5% (2020: 16.5%). The PRC tax has been provided at the rate of 25% (2020: 25%) on the estimated assessable profits arising in the PRC.

	2021	2020
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**13,139**	9,456
Overprovision in prior years	**(14)**	(68)
Current – PRC		
Charge for the year	**3,418**	3,278
Deferred	**(593)**	(3,769)
Total tax charge for the year	**15,950**	8,897

7. DIVIDENDS

	2021	2020
	HK$'000	*HK$'000*
Interim – HK1.5 cents (2020: HK1.0 cent) per ordinary share	**7,200**	4,800
Proposed final – HK4.0 cents (2020: HK3.5 cents) per ordinary share	**19,200**	16,800
	26,400	21,600

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

8. 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 (2020: 480,000,000) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 30 June 2021 and 2020 in respect of dilution as the Group had no potentially dilutive ordinary shares in issue during the years ended 30 June 2021 and 2020.

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

	2021	2020
	HK$'000	*HK$'000*
Earnings		
Profit attributable to equity holders of the Company	**77,832**	44,853
	2021	2020
Shares		
Weighted average number of ordinary shares in issue during the years	**480,000,000**	480,000,000
	HK cents	*HK cents*
Earnings per share		
Basic and diluted	**16.22**	9.34

9. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021	2020
	HK$'000	*HK$'000*
Unlisted fund investment	**10,588**	10,039

The above investment was classified as a financial asset at fair value through profit or loss as its contractual cash flows are not solely payments of principal and interest. The fair value of the unlisted fund investment is determined by its net asset value quoted by the investment administrator of the investment fund with reference to the underlying assets of the fund.

10. TRADE RECEIVABLES

	2021	2020
	HK$'000	*HK$'000*
Trade receivables	**81,930**	61,922

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:

	2021	2020
	HK$'000	*HK$'000*
Within 1 month	**41,296**	33,350
1 to 2 months	**32,082**	20,272
2 to 3 months	**6,815**	6,649
Over 3 months	**1,737**	1,651
	81,930	61,922

11. 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:

	2021	2020
	HK$'000	*HK$'000*
Within 1 month	**20,779**	9,796
1 to 2 months	**7,128**	5,033
2 to 3 months	**934**	951
Over 3 months	**83**	170
	28,924	15,950

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

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATION

The 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) paper gift set printing services which cover, among others, gift sets containing gift boxes, cards, booklets and hardback books; (iii) card printing services which cover, among others, colour cards, insert cards, warranty cards and plain cards; (iv) smart package 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 and red packets.

Given the unstable economic environment, printing industry in Hong Kong is encountering intense competition. The COVID-19 global pandemic has continuously clouded the economic landscape of worldwide. Corresponding measures, such as lockdown of many nations and cities, have encumbered not just specific areas but global economy. Furthermore, the Sino-US trade tension is still threatening customers' willingness to spend on printing and promotion. The abovementioned factors are repeatedly challenging the Group's business operations and development.

The Group's revenue increased by approximately 21.9% to approximately HK$380.1 million for the year ended 30 June 2021 compared to last year. The increase in the Group's revenue is mainly due to the increase in contribution from packaging and paper gift set printing services as a result of resumption of the projects by some customers, which were postponed by the COVID-19 pandemic last year, and more revenue generated by some projects as compared to the revenue level prior to the COVID-19 pandemic. The gross profit also increased by approximately 32.1% from approximately HK$114.7 million for the year ended 30 June 2020 to approximately HK$151.5 million for the year ended 30 June 2021, as a result of the increase in revenue and the stringent cost control adopted by the Group.

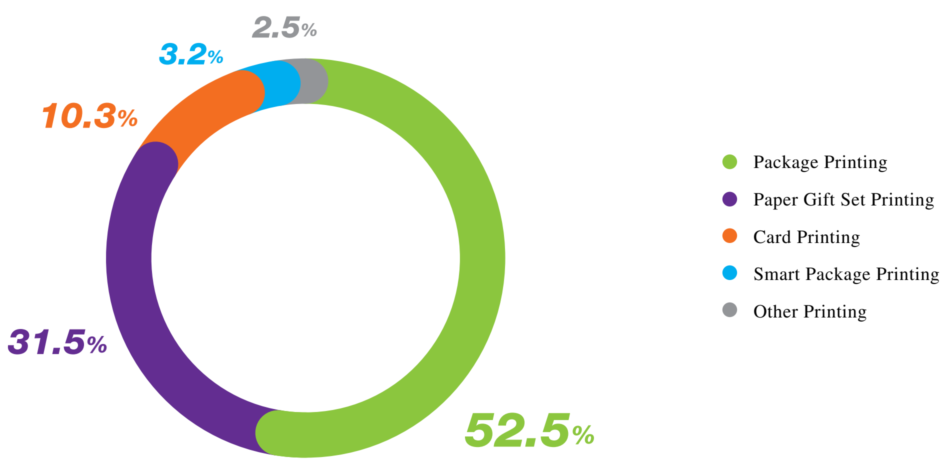
With the increase in revenue and the stringent cost control adopted, our gross profit margin also increase from approximately 36.8% during the year ended 30 June 2020 to approximately 39.9% during the year ended 30 June 2021. Our profit for the year increased by approximately HK$32.9 million from approximately HK$44.9 million for the year ended 30 June 2020 to approximately HK$77.8 million for the year ended 30 June 2021, as a result of the resumption of the projects by some customers, which were postponed by the COVID-19 pandemic last year and the stringent cost control policies placed by management. The net profit margin increased from approximately 14.4% for the year ended 30 June 2020 to approximately 20.5% for the year ended 30 June 2021.

Basic earnings per share for the year ended 30 June 2021 was HK16.22 cents, compared to a basic earnings per share of HK9.34 cents for the year ended 30 June 2020.

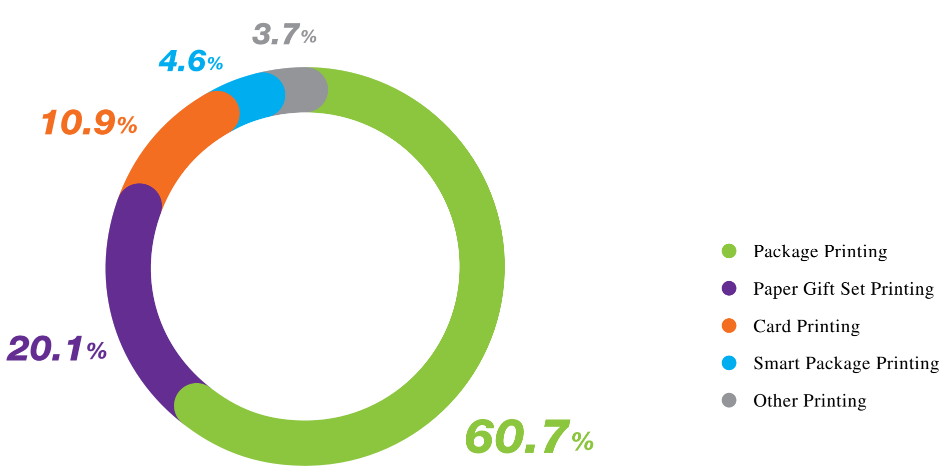
BUSINESS UNIT OVERVIEW

The Group comprises five key business units (2020: five).

Revenue contribution for the year ended 30 June 2021



Revenue contribution for the year ended 30 June 2020



Packaging printing

Packaging printing services cover, among others, corrugated boxes, gift boxes, card boxes and product boxes. For the year ended 30 June 2021, revenue from packaging printing increased by approximately 5.5% to approximately HK$199.8 million as compared to approximately HK$189.3 million for the year ended 30 June 2020. The increase in revenue from packaging printing was mainly because some customers resumed their projects which were postponed by the COVID-19 pandemic last year and thus the Group received more orders on packaging printing.

Paper gift set printing

Paper gift set printing services cover, among others, gift sets containing gift boxes, cards, booklets and hardback books. For the year ended 30 June 2021, revenue from paper gift set printing increased by approximately 90.6% to approximately HK$119.6 million as compared to approximately HK$62.7 million for the year ended 30 June 2020. The increase in revenue from paper gift set printing was mainly due to increasing customers orders received on paper gift set printing and some customers have also organised promotional sales on paper gift set printing products.

Card printing

Card printing services cover, among others, colour cards, insert cards, warranty cards and plain cards. For the year ended 30 June 2021, revenue from card printing increased by approximately 15.4% to approximately HK$39.2 million as compared to 2020. The increase in revenue from card printing was mainly due to some new board games and new household products were launched during the year, leading to customers ordering more card printing services.

Smart package printing

Smart package 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 2021, revenue from smart package printing decreased by approximately 16.2% to approximately HK$12.0 million as compared to 2020. The decrease in revenue from smart package printing was mainly because of continuous effect of COVID-19 pandemic on the retail markets in USA and Hong Kong, which led to a drop in the customers' orders in smart package printing products.

Other printing

Other printing services cover, among others, stickers, colour papers, yupo papers and red packets. For the year ended 30 June 2021, revenue from other printing decreased by approximately 17.0% to approximately HK$9.5 million as compared to 2020. The decrease was mainly due to the increasing environmental awareness of some retail customers and some countries imposing more restrictive rules on plastics products.

OUTLOOK

The year 2020/2021 was challenging due to influence of COVID-19 pandemic and trade tension between USA and China. Furthermore, volatility of material costs, increase in labor costs, and imposition of various stringent environmental control required by different countries and cities on printing industry are posing additional challenges to the Group's business operations and growth in the foreseeable future.

To manage the impacts of COVID-19 pandemic, the Group has taken several measures, such as providing face masks and hand sanitizers, strict measures on body temperature checking and maintaining the social distance inside the factory area, to secure the health and safety of our staffs and to ensure the smooth operation of the Group. Moreover, to cope with falling demand from our customers, and to maintain the market competitiveness of the Group, the management has adopted various steps to mitigate the Group's operational risk, such as a stringent 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. In addition, our Group is exploring opportunities on promotion of our smart package and sustainable products to our customers, which can differentiate ourselves from our competitors. With the Group's experienced management team and reputation in the printing industry, our management believes the Group is well-equipped to deal with the forthcoming challenges and to maintain sustainable growth.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 21.9% to approximately HK$380.1 million for the year ended 30 June 2021 compared to approximately HK$311.8 million for the year ended 30 June 2020. The increase in the revenue is mainly due to higher contribution from packaging and paper gift set printing as a result of the resumption of the projects by some customers, which were postponed by the COVID-19 pandemic last year, and more revenue generated by some projects as compared to the revenue level before COVID-19 pandemic.

Gross profit and gross profit margin

Gross profit increased by approximately 32.1% from approximately HK$114.7 million for the year ended 30 June 2020 to approximately HK$151.5 million for the year ended 30 June 2021, as a result of the increase in revenue and the stringent cost control adopted by the Group.

With increase in revenue and the stringent cost control adopted, our gross profit margin increased from approximately 36.8% during the year ended 30 June 2020 to approximately 39.9% during the year ended 30 June 2021.

Administrative expenses

Administrative expenses remained relatively stable of approximately HK$61.3 million and approximately HK$60.0 million for the years ended 30 June 2021 and 2020.

Selling and distribution expenses

Selling and distribution expenses remained relatively stable of approximately HK$5.3 million and approximately HK$5.1 million for the years ended 30 June 2021 and 2020, which mainly included salaries and freight charges. Given the increase in revenue, selling and distribution expenses did not increase in a similar magnitude mainly because the Group has adopted the better cost control and made better planning on the routes in order to save selling and distribution expenses.

Other operating income, net

The Group recorded other operating income, net of approximately HK$4.2 million and approximately HK$0.6 million for the years ended 30 June 2021 and 30 June 2020. The increase was mainly due to the exchange gain arising from the appreciation of Renminbi against Hong Kong Dollars on the time deposits denominated in Renminbi.

Other income and government grants

Other income and government grants was approximately HK$5.1 million for the year ended 30 June 2020 and increased to approximately HK$5.6 million for the year ended 30 June 2021. The increase in the amount was mainly due to more government grants received from the Employment Support Scheme of the Government of the Hong Kong Special Administrative Region and the technological transformation scheme of the Shenzhen Industrial and Information Technology Bureau of the PRC Government.

Income tax expense

Income tax expense increased by approximately HK$7.1 million from approximately HK$8.9 million for the year ended 30 June 2020 to approximately HK$16.0 million for the year ended 30 June 2021. The effective tax rates for the years ended 30 June 2021 and 2020 are 17.0% and 16.6%, respectively.

Liquidity and capital resources

Our net assets amounted to approximately HK$385.3 million and approximately HK$323.1 million as at 30 June 2021 and 30 June 2020 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 on 16 November 2017, in the absence of unforeseen circumstances.

As at 30 June 2021, our cash and bank balances amounted to approximately HK$204.4 million (30 June 2020: approximately HK$204.1 million); and our net current assets were approximately HK$253.6 million (30 June 2020: approximately HK$218.9 million). The current ratio, being current assets over current liabilities, was approximately 3.4 and 3.7 as at 30 June 2021 and 30 June 2020.

As at 30 June 2021, the Group had approximately HK$204.4 million total cash on hand, of which approximately HK$0.9 million was restricted cash and denominated in Renminbi. For the remaining balance approximately HK$203.5 million, mainly approximately HK$30.0 million was denominated in Hong Kong Dollars, approximately HK$74.7 million was denominated in US Dollars, and approximately HK$91.5 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$170.8 million of fixed time deposits with maturity within 12 months. For the fixed time deposits approximately HK$18.0 million was denominated in Hong Kong Dollars, approximately HK$69.8 million was denominated in US Dollars and approximately HK$83.0 million was denominated in Renminbi.

As at 30 June 2021 and 30 June 2020, 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 2021 and 30 June 2020.

During the year, the Group recorded over HK$13.5 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 2021 and 30 June 2020.

EVENT AFTER THE REPORTING PERIOD

On 6 September 2021, 東柏彩印(惠州)有限公司, an indirect wholly-owned subsidiary of the Company, 惠州市蔚藍體育用品有限公司, the landlord, and Mr. Chen Zhencheng, the guarantor, entered into a provisional tenancy agreement in respect of the leasing of a factory in Huizhou ("Huizhou Factory Leasing") for a term of ten years tentatively commencing from 18 September 2021 to 17 September 2031. The commencement of the Huizhou Factory Leasing is subject to the execution of the formal tenancy agreement. For details of the transaction, please refer to the announcement of the Company dated 6 September 2021.

OUR EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2021, we had 971 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$40.2 million and approximately HK$29.6 million for the year ended 30 June 2021 and 2020, respectively. The Group has recorded a provision for redundancy cost amounted to approximately HK$3.5 million for the year ended 30 June 2021 (2020: HK$10.3 million). 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 HK4.0 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 HK1.5 cents (2020: HK1 cent) per share paid in March 2021, will make a total dividend of HK5.5 cents (2020: HK4.5 cents) per share for the current year. The proposed final dividend is expected to be distributed on Thursday, 23 December 2021 to shareholders whose names appear on the Register of Members of the Company on Wednesday, 15 December 2021.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 2 December 2021 to Tuesday, 7 December 2021, 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 Wednesday, 1 December 2021.

The Register of Members of the Company will be closed from Monday, 13 December 2021 to Wednesday, 15 December 2021, 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 Friday, 10 December 2021.

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.

Up to the date of this announcement, the Group had used approximately HK$55.8 million for equipment upgrades on the improvement of the production process, approximately HK$8.3 million for general working capital and approximately HK$1.3 million for the upgrade of enterprise resources planning ("ERP") system. During the year, the net proceed, have been used for the purpose consistent with the section headed "Future Plan 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 up to the date of this announcement are set out below:

Intended application of the net proceeds	Percentage of total proceeds %	Planned applications *HK$ in million*	Actual usage up to the date of this announcement *HK$ in million*	Unutilised net proceeds up to the date of this announcement *HK$ in million*	Expected timeline for utilising the unutilised net proceeds
Purchase four presses by stages *(Note 1)*	65.0	80.6	55.8	24.8	Expected to be fully utilised on or before 31 December 2022
Relocate of a factory in Shenzhen ("Shenzhen factory") *(Note 2)*	25.0	31.0	–	31.0	Expected to be fully utilised on or before 31 March 2022
Upgrade ERP system *(Note 3)*	3.3	4.1	1.3	2.8	Expected to be fully utilised on or before 31 December 2022
General working capital	6.7	8.3	8.3	–	N/A
Total	100.0	124.0	65.4	58.6	

Note 1: The Group has delayed the plan of relocation of the Shenzhen Factory as stated in Note 2 below, and hence we have also deferred the progress of purchasing Four Presses by stages. We have kept searching for upgrade of our machines in the market and utilised the relevant proceeds from the initial public offering of approximately HK$55.8 million up to the date of this announcement for purchase of presses and related machines to improve the overall production efficiency. As we are undergoing the relocation plan to the new factory, we expect to fully utilise the relevant proceeds on or before 31 December 2022.

Note 2: With reference to the "Voluntary Announcement — Business Updates" dated 6 September 2019, the Group has entered into a Cooperation Framework Agreement to develop and construct a factory, office building, staff dormitory and utilities (the "New Properties") on a piece of self-owned industrial land by an independent third party located in Huizhou City. To the best knowledge of the Directors, the construction of the New Properties was complete in August 2021. On 6 September 2021, 東柏彩印(惠州)有限公司, an indirect wholly-owned subsidiary of the Company, 惠州市蔚藍體育用品有限公司, the landlord, and Mr. Chen Zhencheng, the guarantor, entered into a provisional tenancy agreement in respect of the Huizhou Factory Leasing for a term of ten years tentatively commencing from 18 September 2021 to 17 September 2031. The commencement of the Huizhou Factory Leasing is subject to the execution of the formal tenancy agreement. The existing tenancy agreement of the Shenzhen factory will be expired in March 2022. Hence, we expect to fully utilise the relevant proceeds on or before 31 March 2022.

Note 3: During the current year, the Group has entered into agreements with independent third party ERP service providers to update our systems. Up to the date of this announcement, we have already utilised HK$1.3 million to the service providers for the update of our ERP system. Given we have commenced to update our ERP system, we expect to fully utilise the relevant proceeds on or before 31 December 2022.

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 Group 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 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.

On 6 September 2021, 東柏彩印(惠州)有限公司, an indirect wholly-owned subsidiary of the Company, 惠州市蔚藍體育用品有限公司, the landlord, and Mr. Chen Zhencheng, the guarantor, entered into a provisional tenancy agreement in respect of the Huizhou Factory Leasing for a term of ten years tentatively commencing from 18 September 2021 to 17 September 2031. The commencement of the Huizhou Factory Leasing is subject to the execution of the formal tenancy agreement. For details of the transaction, please refer to the announcement of the Company dated 6 September 2021.

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 2021.

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 2021 and up to the date of this announcement.

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 2021. Up to the date of this announcement and there was no event of non-compliance.

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 2021.

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. Wong Kam Fai. The audit committee of the Company has reviewed the final results for the year ended 30 June 2021 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 2021 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 2021. 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 2021 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 2021, 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, 29 September 2021

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. Wong Kam Fai as independent non-executive directors.