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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 2024

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 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the year ended 30 June	
	Notes	2024 HK\$'000	2023 HK\$'000
REVENUE	3	296,242	534,445
Cost of sales		<u>(212,512)</u>	<u>(313,669)</u>
Gross profit		83,730	220,776
Other income	3	16,861	12,163
Government grants	3	477	1,249
Selling and distribution expenses		(5,438)	(7,788)
Administrative expenses		(72,111)	(106,271)
Other operating income/(expenses), net		2,455	(7,653)
Finance cost	5	(7,903)	(8,493)
PROFIT BEFORE TAX	4	18,071	103,983
Income tax expense	6	(926)	(26,497)
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		17,145	77,486
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		HK cents	HK cents
Basic and diluted	8	3.57	16.14

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended	
	30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
PROFIT FOR THE YEAR	17,145	77,486
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(1,059)</u>	<u>(12,552)</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	<u>(1,059)</u>	<u>(12,552)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	<u>16,086</u>	<u>64,934</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	30 June 2024 HK\$'000	30 June 2023 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		158,956	176,683
Right-of-use assets		93,302	108,823
Intangible asset		1,263	2,137
Prepayments and deposits		5,259	3,285
Deferred tax assets		–	61
Total non-current assets		258,780	290,989
CURRENT ASSETS			
Inventories		16,969	30,271
Trade receivables	<i>10</i>	26,000	37,740
Prepayments, deposits and other receivables		13,578	23,746
Financial asset at fair value through profit or loss	<i>9</i>	–	9,901
Tax recoverable		149	281
Restricted cash		75	122
Cash and cash equivalents		316,885	305,757
Total current assets		373,656	407,818
CURRENT LIABILITIES			
Trade payables	<i>11</i>	9,641	9,326
Other payables and accruals		22,931	35,287
Lease liabilities		8,895	7,823
Tax payable		11,517	46,628
Total current liabilities		52,984	99,064
NET CURRENT ASSETS		320,672	308,754
TOTAL ASSETS LESS CURRENT LIABILITIES		579,452	599,743
NON-CURRENT LIABILITIES			
Other payables		1,914	2,205
Lease liabilities		97,389	108,032
Deferred tax liabilities		406	409
Total non-current liabilities		99,709	110,646
Net assets		479,743	489,097
EQUITY			
Equity attributable to owners of the Company			
Share capital		4,800	4,800
Reserves		474,943	484,297
Total equity		479,743	489,097

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 Windward 3, Regatta Office Park, P.O. Box 1350, 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 is 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**”) 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 was 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 following new and revised HKFRSs for the first time for the current year’s consolidated financial statements.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The nature and the impact of the new and revised HKFRSs are described below:

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in the annual report. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's consolidated financial statements.
- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in consolidated financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's consolidated financial statements.
- (c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

Upon the application of the amendments, the Group has determined the temporary differences arising from right-of-use assets and lease liabilities separately. However, they did not have any material financial impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under HKAS 12.

- (d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to 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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Europe	88,241	214,288
Hong Kong	84,408	86,650
United States of America (the "USA")	56,748	115,364
Asia (except Chinese Mainland and Hong Kong)	25,358	28,610
Oceania	13,959	50,441
Chinese Mainland	13,870	9,262
Others	13,658	29,830
	<u>296,242</u>	<u>534,445</u>
Total revenue	<u>296,242</u>	<u>534,445</u>

(b) Non-current assets

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
The People's Republic of China (the "PRC")	247,933	281,207
Hong Kong	7,124	6,574
	<u>255,057</u>	<u>287,781</u>
Total non-current assets	<u>255,057</u>	<u>287,781</u>

The non-current asset information above is based on the locations of the assets and excludes non-current rental deposits 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer A	180,482	384,213
Customer B	34,971	N/A*
	<u>180,482</u>	<u>384,213</u>

* Less than 10% of the Group's revenue

3. REVENUE, OTHER INCOME AND GOVERNMENT GRANTS

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue		
<i>Revenue from contracts with customers</i>	<u>296,242</u>	<u>534,445</u>
<u>Revenue from contracts with customers</u>		
<i>Disaggregated revenue information</i>		
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Sale of products transferred at a point in time	<u>296,242</u>	<u>534,445</u>
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Other income and government grants		
Interest income	16,349	11,446
Others	<u>512</u>	<u>717</u>
Total other income	16,861	12,163
Government grants (<i>note</i>)	<u>477</u>	<u>1,249</u>
Total other income and government grants	<u>17,338</u>	<u>13,412</u>

Note: During the year, government grants have been received for innovative and technology enhancement and stabilisation subsidies in Chinese Mainland. In the prior year, government grants were also received under the Employment Support Scheme under the Anti-epidemic Fund from the Hong Kong Special Administrative Region. 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):

	2024	2023
	HK\$'000	HK\$'000
Cost of inventories sold [#]	212,512	313,669
Depreciation of property, plant and equipment	21,747	22,078
Depreciation of right-of-use assets	14,104	13,406
Lease payments not included in the measurement of lease liabilities	3,159	14,230
Auditor's remuneration	1,464	1,450
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries***	58,943	97,187
Pension scheme contributions [^]	6,862	6,885
	<hr/>	<hr/>
Total	65,805	104,072
	<hr/>	<hr/>
Foreign exchange differences, net*	(3,725)	(1,031)
Loss/(gain) on disposal and write-off of items of property, plant and equipment*	(554)	8,363
Write-down of inventories**	67	391
Fair value gain on a financial asset at fair value through profit or loss*	(99)	(17)
Impairment/(reversal of impairment) of trade receivables*	(151)	338
Impairment of an intangible asset*	874	–
Impairment of items of property, plant and equipment*	756	–
Impairment of right-of-use assets*	444	–
	<hr/>	<hr/>

[#] Cost of inventories sold includes employee benefit expenses of HK\$39,946,000 (2023: HK\$76,461,000), depreciation of HK\$28,410,000 (2023: HK\$31,170,000), lease payments of nil (2023: HK\$9,162,000) and write-down of inventories of HK\$67,000 (2023: HK\$391,000), respectively.

* These items are included in "Other operating income/(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.

*** In the prior year, this item included redundancy costs of HK\$797,000, HK\$47,000 and HK\$89,000, which were included in "Cost of sales", "Selling and distribution expenses" and "Administrative expenses", respectively, on the face of the consolidated statement of profit or loss.

[^] There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

5. FINANCE COST

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on lease liabilities	<u>7,903</u>	<u>8,493</u>

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 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 (2023: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%). The PRC tax has been provided at the rate of 25% (2023: 25%) on the estimated assessable profits arising in the PRC.

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current – Hong Kong		
Charge for the year	878	18,157
Overprovision in prior years	(9)	(11)
Current – PRC		
Charge for the year	–	383
Overprovision in prior years	(1)	–
Deferred	<u>58</u>	<u>7,968</u>
Total tax charge for the year	<u>926</u>	<u>26,497</u>

7. DIVIDENDS

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim – HK1.0 cent (2023: HK2.2 cents) per ordinary share	4,800	10,560
Proposed final – HK2.5 cents (2023: HK4.3 cents) per ordinary share	<u>12,000</u>	<u>20,640</u>
	<u>16,800</u>	<u>31,200</u>

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 amount 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 (2023: 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 2024 and 2023 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years ended 30 June 2024 and 2023.

The calculation of basic and diluted earnings per share is based on:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Earnings		
Profit attributable to equity holders of the Company	<u>17,145</u>	<u>77,486</u>
	2024 <i>Number of shares</i>	2023 <i>Number of shares</i>
Shares		
Weighted average number of ordinary shares in issue during the years	<u>480,000,000</u>	<u>480,000,000</u>
	<i>HK cents</i>	<i>HK cents</i>
Earnings per share		
Basic and diluted	<u>3.57</u>	<u>16.14</u>

9. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Unlisted fund investment	<u>–</u>	<u>9,901</u>

At 30 June 2023, the above investment was classified as a financial asset at fair value through profit or loss as its contractual cash flows were not solely payments of principal and interest. The fair value of the unlisted fund investment was determined by its net asset value quoted by the investment administrator of the investment fund with reference to the underlying assets of the fund. During the year, the Company fully redeemed the above investment at par value and the net proceed was used as general working capital.

10. TRADE RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	26,187	38,078
Less: Impairment	<u>(187)</u>	<u>(338)</u>
Net carrying amount	<u>26,000</u>	<u>37,740</u>

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. As at 30 June 2024, the Group had certain concentrations of credit risk as 17% (2023: 34%) of the Group's trade receivables were due from one of the Group's major customers. 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 and net of loss allowance is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 1 month	14,092	22,842
1 to 2 months	7,374	7,542
2 to 3 months	4,121	2,946
Over 3 months	<u>413</u>	<u>4,410</u>
Total	<u>26,000</u>	<u>37,740</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
At beginning of year	338	–
Impairment losses/(reversal of impairment) (<i>note 4</i>)	<u>(151)</u>	<u>338</u>
At end of year	<u>187</u>	<u>338</u>

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:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 month	5,071	4,408
1 to 2 months	4,157	4,158
2 to 3 months	219	474
Over 3 months	194	286
	<hr/>	<hr/>
Total	9,641	9,326
	<hr/>	<hr/>

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, 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.

Despite the world has emerged from haze of the pandemic, printing industry in Hong Kong is still struggling with unfavorable economic climate. Outbreak of Russo-Ukrainian and Israel-Gaza wars, concerns about slowing global economic growth and high inflation, as well as geopolitical tension and instability under the election of leaders in several regions are relentlessly challenging the Group’s business operations and development.

The Group’s revenue decreased by approximately 44.6% to approximately HK\$296.2 million for the year ended 30 June 2024, comparing to last year. The decrease in revenue was affected by the drop in contribution from packaging and paper gift set printing services, as a result of customers’ concerns about global economic slowdown and widespread inflation all over the world. Customers took conservative consumption approach to reduce spending on printing and promotional products. Thus, it led to a drop in sale orders received from both overseas and local customers.

The gross profit dropped by approximately 62.1% from approximately HK\$220.8 million for the year ended 30 June 2023 to approximately HK\$83.7 million for the year ended 30 June 2024, as a result of drop in revenue and a slight reduction in some fixed production costs and overhead. However, this has been offset by enduring fixed production and operation costs, which have persisted irrespective of the magnitude of the revenue decline.

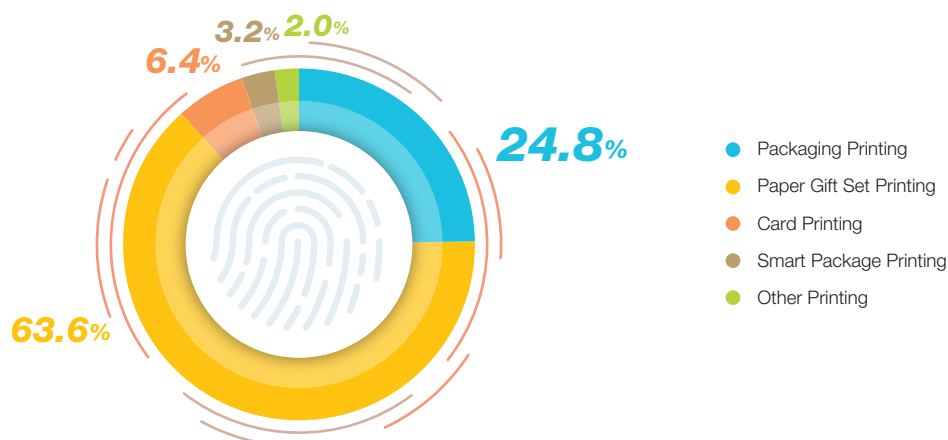
With the combined effect of drop in revenue and slight reduction in fixed production and operation costs, our gross profit margin declined from approximately 41.3% for the year ended 30 June 2023 to approximately 28.3% for the year ended 30 June 2024. Our net profit for the year decreased by approximately HK\$60.4 million from approximately HK\$77.5 million for the year ended 30 June 2023 to approximately HK\$17.1 million for the year ended 30 June 2024, considering the drop in revenue and slight reduction in production and operation costs during the current year. The net profit margin decreased from approximately 14.5% for the year ended 30 June 2023 to approximately 5.8% for the year ended 30 June 2024.

Basic earnings per share for the year ended 30 June 2024 was HK3.57 cents, compared to basic earnings per share of HK16.14 cents for the year ended 30 June 2023.

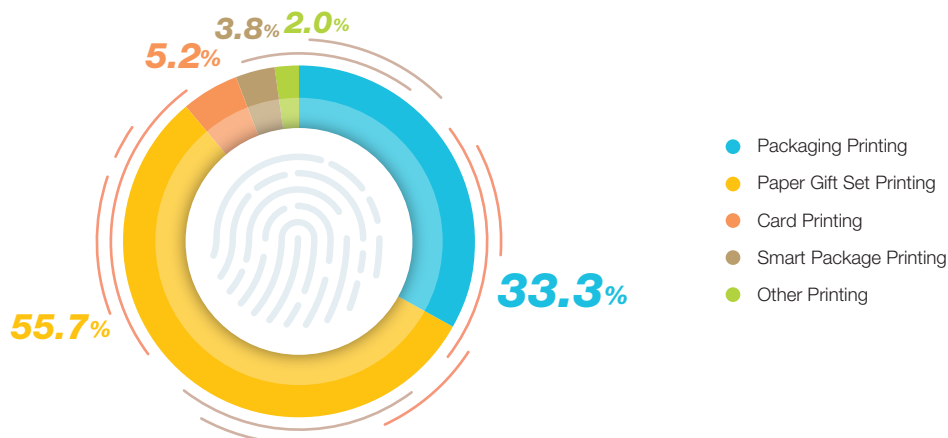
BUSINESS UNIT OVERVIEW

The Group comprises five key business units (2023: five).

Revenue contribution for the year ended 30 June 2024



Revenue contribution for the year ended 30 June 2023



Packaging printing

Packaging printing services cover, among others, corrugated boxes, gift boxes, card boxes and product boxes. For the year ended 30 June 2024, revenue from packaging printing decreased by approximately 58.8% to approximately HK\$73.3 million as compared to approximately HK\$177.7 million for the year ended 30 June 2023. The decline was mainly caused by conservative consumption approach taken by customers under concerns on slowing global economic growth and high inflation. Some of our customers, therefore postponed some new and potential projects, leading to a drop on demand in packaging boxes accordingly.

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 2024, revenue from paper gift set printing reduced by approximately 36.7% to approximately HK\$188.4 million as compared to approximately HK\$297.7 million for the year ended 30 June 2023. The drop in revenue from paper gift set printing was primarily because the customers took conservative consumption approach under concerns on slowing global economic growth and high inflation. It led to reduction of the customer sentiment, therefore, our customers tightened their spendings on promotional and marketing products and even postponed some new and potential projects of paper gift set printing. To such a degree, the Group's sales orders received from those overseas and local customers reduced accordingly.

Card printing

Card printing services cover, among others, colour cards, insert cards, warranty cards and plain cards. For the year ended 30 June 2024, revenue from card printing decreased by approximately 32.1% to approximately HK\$19.0 million as compared to 2023. The decrease in revenue from card printing was primarily due to overseas customers not rolling out any special promotion campaigns in the current year.

Smart package printing

Smart package printing services cover, among others, RFID labels and Real QR code, in order to provide value-added services to our existing and potential customers. For the year ended 30 June 2024, revenue from smart package printing dropped by approximately 53.2% to approximately HK\$9.5 million as compared to 2023. The decline in revenue from smart packaging printing was attributed to more conservative consumption approach taken by the customers under concerns of slowing global economic growth and high inflation. Fewer retail customers were willing to consume on marketing and promotional products in Europe, USA and Hong Kong, leading to reduction of customers' orders in smart package printing products.

Other printing

For the year ended 30 June 2024, revenue from other printing reduced by approximately 43.9% to approximately HK\$6.0 million as compared to 2023. The contraction in revenue generated from other printing was primarily due to the decline of sales revenue from packaging and paper gift set printings, which adversely affected the sales of other printing.

OUTLOOK

The year of 2023/2024 was challenging in view of geopolitical tension, political instability under the election of leaders in several regions, outbreak of Russo-Ukrainian and Israel-Gaza wars and concerns about the slowing global economic growth and high inflation. Furthermore, uncertain material supplies, global inflation on material costs, increase in labour costs and imposition of various stringent environmental control required by different countries and cities on printing industry are threatening the Group's business operations and development in the foreseeable future.

In order to maintain the Group's competitiveness in the printing industry, the Group will actively seek for further business development and advanced printing technology breakthrough. Furthermore, the Group is also accelerating the machine automation project, so as to improve operation efficiency and lay less reliance on manpower. In light of varying business environment, our management has always maintained stringent control over our manufacturing costs in order to make our printing products to be more competitive in the market and has been cautious on pricing our printing products. We have also worked closely with our existing customers to understand their needs and provide value-added services for them to maintain good business relationship. In addition, our Group is proactively exploring opportunities on promotion of our smart package and sustainable products to our customers, which could significantly differentiate ourselves from our competitors. With the Group's experienced management team and reputation in 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 decreased by approximately 44.6% to approximately HK\$296.2 million for the year ended 30 June 2024, comparing to approximately HK\$534.4 million for the year ended 30 June 2023. The drop in revenue was primarily due to the decline in contribution from packaging and paper gift set printing services because of customers' concern about slowing global economic growth and high inflation all over the world. Customers took more conservative consumption approach and reduced their sales orders on marketing and promotion products, leading to less sales orders from those oversea and local customers.

Gross profit and gross profit margin

Gross profit decreased by approximately 62.1% from approximately HK\$220.8 million for the year ended 30 June 2023 to approximately HK\$83.7 million for the year ended 30 June 2024, as a result of drop in revenue.

With the combined effect of drop in revenue and slight reduction in fixed production and operation costs, our gross profit margin declined from approximately 41.3% for the year ended 30 June 2023 to approximately 28.3% for the year ended 30 June 2024.

Selling and distribution expenses

Selling and distribution expenses was approximately HK\$5.4 million and approximately HK\$7.8 million for the years ended 30 June 2024 and 2023, respectively, which mainly included salaries of salespeople and freight charges. Decrease in selling and distribution expenses decreased was essentially led by decrease in sales made during the current year.

Administrative expenses

Administrative expenses dropped from approximately HK\$106.3 million for the year ended 30 June 2023 to approximately HK\$72.1 million for the year ended 30 June 2024, because of deterioration of the group's overall result and more stringent cost control policy rolled out in the current year.

Other operating income/(expenses), net

The Group recorded other operating expenses of approximately HK\$7.7 million for the year ended 30 June 2023 and recorded other operating income of approximately HK\$2.5 million for the year ended 30 June 2024. The turnaround of other operating expenses in the last year to other operating income in the current year was mainly due to (i) the Group has recorded loss on disposal and write-off of property, plant and equipment of approximately HK\$8.4 million in the last year, while the Group has recorded gain on disposal of property, plant and equipment of approximately HK\$0.6 million in the current year and (ii) exchange gain arising from appreciation of United States Dollar against Renminbi during the current year.

Other income and government grants

Other income and government grants were approximately HK\$13.4 million for the year ended 30 June 2023 and increased to approximately HK\$17.3 million for the year ended 30 June 2024. The Group had made more time deposits and decent interest rates were offered by banks during the current year.

Finance cost

Finance cost was approximately HK\$7.9 million and approximately HK\$8.5 million for the years ended 30 June 2024 and 2023 respectively. The Group has recorded lower finance costs in the current year mainly because of the continuous repayment of lease liabilities during the current year.

Income tax expense

Income tax expense amounted to approximately HK\$26.5 million for the year ended 30 June 2023, and dropped to approximately HK\$0.9 million for the year ended 30 June 2024. The drop in income tax expense was mainly attributable to deterioration of the overall performance of the whole Group. The effective tax rate decreased from approximately 25.5% for the year ended 30 June 2023 to approximately 5.1% for the year ended 30 June 2024, because the profit of the Group was mainly derived from the non-taxable income being generated during the current year.

Liquidity and capital resources

Our net assets amounted to approximately HK\$479.7 million and approximately HK\$489.1 million as at 30 June 2024 and 30 June 2023 respectively. The decrease in net assets was primarily due to final dividend for Fiscal Year (“FY”)2022/2023 and interim dividend for FY2023/2024 being paid 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 2024, our cash and bank balances amounted to approximately HK\$317.0 million (30 June 2023: approximately HK\$305.9 million); and our net current assets were approximately HK\$320.7 million (30 June 2023: approximately HK\$308.8 million). The current ratio, being current assets over current liabilities, was approximately 7.1 and 4.1 as at 30 June 2024 and 30 June 2023.

As at 30 June 2024, the Group had approximately HK\$317.0 million total cash on hand, of which approximately HK\$0.1 million was restricted cash and denominated in Renminbi. For the remaining balance of approximately HK\$316.9 million, approximately HK\$7.0 million was denominated in Hong Kong Dollars, approximately HK\$306.9 million was denominated in US Dollars, and approximately HK\$3.0 million was denominated in Renminbi. The Group's cash in US Dollars and Renminbi were held to support its core operational needs. In addition, the Group had approximately HK\$311.2 million of fixed time deposits with maturity within 12 months. For the fixed time deposits, approximately HK\$5.0 million was denominated in Hong Kong Dollars and approximately HK\$306.2 million was denominated in US Dollars.

As at 30 June 2024 and 30 June 2023, 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 2024 and 30 June 2023.

During the year, the Group recorded approximately HK\$5.4 million in capital expenditure, which was mostly deployed for automation, equipment upgrades and leasehold improvement.

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 2024 and 30 June 2023.

OUR EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, we had 616 employees in Hong Kong and the Chinese Mainland China. During the peak season, namely from June to September for each year, in order to maximise our production capacity, we employ more 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\$27.2 million and approximately HK\$58.4 million for the years ended 30 June 2024 and 2023, respectively. The Group did not record any redundancy cost for the year ended 30 June 2024 (2023: approximately HK\$0.9 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 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 HK1.0 cent (2023: HK2.2 cents) per share paid in March 2024, will make a total dividend of HK3.5 cents (2023: HK6.5 cents) per share for the current year. The proposed final dividend is expected to be distributed on Friday, 20 December 2024 to shareholders whose names appear on the Register of Members of the Company on Friday, 29 November 2024.

ANNUAL GENERAL MEETING

The 2024 Annual General Meeting will be held on Friday, 22 November 2024 and the Notice of the 2024 Annual General Meeting will be published and dispatched to the Company's shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Tuesday, 19 November 2024 to Friday, 22 November 2024, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m., on Monday, 18 November 2024.

The Register of Members of the Company will be closed from Thursday, 28 November 2024 to Friday, 29 November 2024, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m., on Wednesday, 27 November 2024.

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\$80.6 million for equipment upgrades on the improvement of the production process, approximately HK\$31.0 million for relocation of a factory in Shenzhen (“**Shenzhen Factory**”), approximately HK\$8.3 million for general working capital and approximately HK\$1.9 million for 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 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	Actual usage up to the date of this announcement	Amount	Amount	Unutilised net proceeds up to the date of this announcement
				unutilised as of 30 June 2023	utilised during the year ended 30 June 2024	
	%	HK\$ in million	HK\$ in million	HK\$ in million	HK\$ in million	HK\$ in million
Purchase four presses by stages	65.0	80.6	80.6	–	–	–
Relocation of Shenzhen Factory	25.0	31.0	31.0	–	–	–
Upgrade ERP system (<i>Note 1</i>)	3.3	4.1	1.9	2.8	0.6	2.2
General working capital	6.7	8.3	8.3	–	–	–
Total	100.0	124.0	121.8	2.8	0.6	2.2

Note 1: During the current year, the Group had entered into agreement with independent third party ERP service provider in the Chinese Mainland China to update our systems. Up to the date of this announcement, we have already utilized HK\$0.6 million to this service provider for the update of our ERP system. We expect to fully utilise the relevant proceeds on or before 31 December 2024.

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 2024 and up to the date of this announcement.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions as set out in the Code of Corporate Governance (the “**CG Code**”) contained in Appendix C1 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 2024 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 C3 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 2024. Up to the date of this announcement, 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 2024.

AUDIT COMMITTEE

The audit committee of the Company comprises three independent non-executive directors namely Dr. Chu Po Kuen Louis, Mr. Wong Kam Fai and Mr. Wu Chun Sing. The audit committee of the Company has reviewed the final results for the year ended 30 June 2024 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 2024 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 2024. The work performed by Ernst & Young in this respect did not constitute an assurance engagement 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 2024 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 2024, 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, 25 September 2024

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; Ms. Cheung Mei Yee Lorna as non-executive director; Dr. Chu Po Kuen Louis, Mr. Wong Kam Fai, and Mr. Wu Chun Sing as independent non-executive directors.