

TARGET

Intelligence Report

VOLUME XXV No. 177

T H U R S D A Y

August 17, 2023

SUN HING PRINTING HOLDINGS LTD: TOO GOOD TO BE TRUE ? BUT IT IS !

It is quite likely that many senior managements of publicly listed companies, their entire Issued and Fully Paid-Up Share Capitals, having been listed on one of the two equity markets of The Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), might well be cogitating, along the lines:

‘What has Sun Hing Printing Holdings Ltd got that we have not?’

All things considered, on scanning the 2021-2022 Annual Report of Sun Hing Printing Holdings Ltd (新興印刷控股有限公司) (Code: 1975, Main Board, The Stock Exchange of Hongkong Ltd) it might, possibly, have a material part of the answer to the above query.

THE BUSINESS OF SUN HING PRINTING HOLDINGS LTD

‘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) 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, Radiofrequency Identification (“RFID”) labels and Real QR code; and (v) other printing services which cover, among others, stickers, colour papers, yupo papers and red packets.’

The entire Issued Share Capital of Sun Hing Printing Holdings Ltd was listed on premier equity market of the HKSAR on or about November 16, 2017.

The workforce of the Company numbered 1,256 employees, as at June 30, 2022, this workforce, being employed in the HKSAR and the PRC, Proper, the latter-named, being separate and distinct from the HKSAR of the PRC.

The Chairman of the Board of Directors of the Company, as well as being an Executive Director of the Company, is Mr Peter Chan Tit Sang (陳鐵生).

At Pages Three and Four of the 2021-2022 Annual Report of Sun Hing Printing Holdings Ltd, Mr Peter Chan Tit Sang informed his shareholders of the following:

*‘The year 2021/2022 was continuing to be a challenging year to Sun Hing Printing Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to the “**Group**”). The Group was exposed under several market challenges and uncertainties, such as continuous impact of COVID-19 pandemic on unstable material supplies and port congestion, ongoing trade dispute between the United States of America (the “**USA**”) and the People’s Republic of China (the “**PRC**”), and geopolitical tension that led to pessimistic economy sentiment all over the world.*

‘Although the abovementioned factors did not directly discourage the financial performance to our Group in the year 2021/2022, they posed challenges to majority sectors in Hong Kong by undermining investment and business environment. Furthermore, the outbreak of the COVID-19 aggravated global economy and changed consumers’ behavior around the world.

‘The Group’s 2021/2022 profit for the year attributable to owners of the Company recorded the historical high to HK\$115.8 million (2020/2021: HK\$77.8 million). The increase in the profit was mainly attributable to some customers resuming their key and ongoing projects previously postponed by COVID-19 pandemic, and the Group adopted stringent and continuous cost control policies during the year. Basic earnings per share was HK24.12 cents (2020/2021: HK16.22 cents). The Company has proposed a final dividend of HK6.8 cents (2020/2021: HK4.0 cents). Together with interim dividend of HK1.8 cents (2020/2021: HK1.5 cents), the Company has proposed a total dividend of HK8.6 cents (2020/2021: total dividend of HK5.5 cents), which the Group intended to maintain a stable dividend return to reward our shareholders of the Group and to reflect our confidence in our strong financial performance.

‘Looking forward to the Year 2022/2023, the market will still be full of challenges and uncertainties, disregarding the encouraging result we achieved in the Year 2021/2022. Under the ongoing threat from COVID-19 pandemic and geopolitical tension in Asia, worldwide economy is expected to be volatile. The Group will continue to maintain its stringent cost control measures, enhance the Group’s overall production efficiency and maintain its competitiveness in the market.

‘In addition, the Group will further devote resources and manpower to boost internal operation effectiveness, and will grasp opportunities arising from potential new markets, such as environmental friendly packaging market for sustainable growth. While we are also proactively looking into the market for the latest printing associated technologies, advanced

machinery and innovative materials, to provide value-added services to our customers and to differentiate ourselves from our competitors...’.

At Pages Six and Seven of the 2021-2022 Annual Report of the Company, under the heading, **‘REVIEW OF OPERATION’**, one was informed of the following:

‘Despite there was sign of recovery in the global retail market and resumption of economic activities, printing industry in Hong Kong is still encountering intense competition. Continuous impact of COVID-19 pandemic on unstable material supplies and port congestion, lockdown of boarder between the PRC and Hong Kong, geopolitical tension and anxiety about the economic recession are repeatedly challenging the Group’s business operations and development.

‘The Group’s revenue increased by approximately 73.0% to approximately HK\$657.7 million for the year ended 30 June 2022 compared to last year. The increase in the Group’s revenue was mainly due to increase in contribution from packaging and paper gift set printing services as a result of resumption of the key and ongoing projects by some customers, which were postponed by the COVID-19 pandemic in previous years, and more revenue generated by some projects as compared to the revenue level prior to the COVID-19 pandemic. In addition, the Group had devoted more resources and time to promote the smart package and sustainable products to the customers, which created value-added and quality services to our customers. The gross profit also increased by approximately 76.2% from approximately HK\$151.5 million for the year ended 30 June 2021 to approximately HK\$266.9 million for the year ended 30 June 2022, 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 increased from approximately 39.9% during the year ended 30 June 2021 to approximately 40.6% during the year ended 30 June 2022. Our net profit for the year increased by approximately HK\$38.0 million from approximately HK\$77.8 million for the year ended 30 June 2021 to approximately HK\$115.8 million for the year ended 30 June 2022, as a result of the resumption of the key and ongoing projects by some customers, which were postponed by the COVID-19 pandemic in previous years and the stringent cost control policies placed by management. The net profit margin decreased from approximately 20.5% for the year ended 30 June 2021 to approximately 17.6% for the year ended 30 June 2022.

‘Basic earnings per share for the year ended 30 June 2022 was HK24.12 cents, compared to a basic earnings per share of HK16.22 cents for the year ended 30 June 2021.’

At Page 10 of the 2021-2022 Annual Report, under the heading, **‘OUTLOOK,’** of **‘MANAGEMENT DISCUSSION AND ANALYSIS’**, one was apprised of the following:

‘The year 2021/2022 was challenging due to continuous influence of COVID-19 pandemic, geopolitical tension and anxiety about the global economic recession. Furthermore, uncertain material supplies and port congestion, 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 posting additional challenges to the Group’s business operations and development in the foreseeable future.

‘To mitigate the impacts of COVID-19 pandemic, the Group has taken several measures, such as providing face masks and hand sanitizers, strict monitoring on body temperature and maintaining social distance in factory area, to secure the health and safety of our staff and to ensure smooth operation of the Group. Despite the improvement in the current year’s performance, the Group is currently accelerating machine automation and seeking for advanced printing technologies in the market. In light of uncertain business environment, our management always maintains a stringent control over our manufacturing costs in order to make our printing products to be more ... [CLICK TO ORDER FULL ARTICLE](#)

While TARGET makes every attempt to ensure accuracy of all data published, TARGET cannot be held responsible for any errors and/or omissions.

If readers feel that they would like to voice their opinions about that which they have read in TARGET, please feel free to e-mail your views to editor@targetnewspapers.com. TARGET does not guarantee to publish readers’ views, but reserves the right so to do subject to the laws of libel.