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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)

MAJOR TRANSACTION IN RELATION TO HUIZHOU FACTORY LEASING

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“associate(s)”	shall have the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday and Sunday, public holiday in Hong Kong and any day on which a tropical cyclone warning signal No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 5:00 p.m. or on which a “black” rainstorm warning is issued or remains in effect) between 9:00 a.m. and 5:00 p.m. on which licensed banks in Hong Kong are open for general business
“Company”	Sun Hing Printing Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange (Stock Code: 1975)
“connected person”	shall have the meaning ascribed to it under the Listing Rules
“controlling Shareholder”	shall have the meaning ascribed to it under the Listing Rules
“Cooperation Framework Agreement”	the cooperation framework agreement dated 3 June 2019 and entered into between, among others, the Landlord and Tung Pak (SZ) regarding the development and construction of the Huizhou Factory, and the leasing of the Huizhou Factory to the Group
“Director(s)”	the director(s) of the Company
“Formal Tenancy Agreement”	the formal tenancy agreement to be entered into between the Landlord, the Tenant and the Guarantor on or before 23 October 2021 in relation to the Huizhou Factory Leasing

DEFINITIONS

“Greater Bay Area”	the Guangdong-Hong Kong-Macau Greater Bay Area (粵港澳大灣區) is a concept which was mentioned in the 13th Five-Year Plan in 2016. The basic principles of the plan include that the Greater Bay Area is to be driven by innovation and led by reform, to coordinate regional development, to create a platform for opening up and to adhere to “one country, two systems”. The Greater Bay Area is positioned to leverage the advantages of Hong Kong and Macau, as free and open economies, and Guangdong, as a pioneer of reform and opening up, and to continue deepening reform and further opening up. The Greater Bay Area targets at setting an example for expedite institutional innovation and pilot implementation, developing a modern economic system, better integrating into the global market system, building a global base of emerging industries, advanced manufacturing and modern service industries, and developing an internationally competitive world-class city cluster
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. Chen Zhencheng* (陳鎮城)
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huizhou Factory”	the Group’s future production base located at Zhongkai High-Tech Industrial Development Zone, Huizhou City, Guangdong Province, the PRC* (中國廣東省惠州市仲愷高新區)
“Huizhou Factory Leasing”	the leasing of the Huizhou Factory by the Tenant from the Landlord pursuant to the Provisional Tenancy Agreement

DEFINITIONS

“Independent Property Valuer”	Jones Lang LaSalle Corporate Appraisal and Advisory Limited
“Independent Third Party(ies)”	a third party or third parties independent of and not connected with (within the meaning of the Listing Rules) any directors, chief executive, substantial shareholders of the Company, its subsidiaries or any of their respective associates
“Landlord”	Huizhou Weilan Sports Equipment Company Limited* (惠州市蔚藍體育用品有限公司), a company incorporated in the PRC with limited liability on 29 December 2016 and is indirectly owned as to 40% by Mr. Chen Junbin* (陳俊彬), as to 40% by Mr. Chen Kuibin* (陳葵彬) and as to 20% by a PRC company which is owned as to 80% by Mr. Chen Zhencheng* (陳鎮城) and as to 20% by Mr. Chen Ruijun* (陳瑞君), respectively
“Latest Practicable Date”	15 October 2021, being the latest practicable date prior to the publication of this circular for the purpose of ascertaining certain information contained in this circular
“Long Stop Date”	the long stop date to the execution of the Formal Tenancy Agreement pursuant to the Provisional Tenancy Agreement, as further described under the section headed “II. Provisional Tenancy Agreement — Conditions precedent”
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Provisional Tenancy Agreement”	the provisional tenancy agreement dated 6 September 2021 and entered into between the Landlord, the Tenant and the Guarantor (as supplemented by the Supplemental Agreement and the 2 nd Supplemental Agreement) in relation to the Huizhou Factory Leasing
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Shenzhen Factory”	the Group’s current production base located at Long Gang Zone, Shenzhen, the PRC* (中國深圳市龍崗區)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement to the Provisional Tenancy Agreement dated 17 September 2021, pursuant to which the parties agreed to extend the Long Stop Date from 18 September 2021 to 9 October 2021 (or such other day as agreed by the parties)
“2 nd Supplemental Agreement”	the 2 nd supplemental agreement to the Provisional Tenancy Agreement dated 8 October 2021, pursuant to which the parties agreed to further extend the Long Stop Date from 9 October 2021 to 30 October 2021 (or such other day as agreed by the parties)
“Tenant”	Tung Pak Printing (Huizhou) Company Limited* (東柏彩印(惠州)有限公司), a company incorporated in the PRC with limited liability on 12 June 2019 and an indirect wholly-owned subsidiary of the Company
“Tung Pak (SZ)”	Tung Pak Printing (Shenzhen) Company Limited* (東柏彩印(深圳)有限公司), a company incorporated in the PRC with limited liability on 1 July 1994 and an indirect wholly-owned subsidiary of the Company
“Written Approval”	the written approval from Goody Luck Limited and Goody Capital Limited, which together hold 360,000,000 issued ordinary Shares (representing 75% of its entire issued share capital as at the date of this circular) in respect of the Huizhou Factory Leasing and the transactions contemplated thereunder
“%”	per cent.

* For identification purpose only

For the purpose of this circular, unless otherwise specified, conversions of RMB into HK\$ are based on the approximate exchange rate of RMB1.00 to HK\$1.20.



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)

Executive Directors:

Mr. Chan Peter Tit Sang (*Chairman*)

Mr. Chan Kenneth Chi Kin

Mr. Chan Chi Ming

Mr. Chan Chun Sang Desmond

Registered office:

Windward 3, Regatta Office Park

PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

Independent Non-executive Directors:

Mr. Ng Sze Yuen Terry

Dr. Chu Po Kuen Louis

Mr. Wong Kam Fai

Principal place of business in Hong Kong:

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35-37 Lee Chung Street

Chai Wan, Hong Kong

22 October 2021

**MAJOR TRANSACTION IN RELATION TO
HUIZHOU FACTORY LEASING**

To the Shareholders

Dear Sir or Madam,

I. INTRODUCTION

Reference is made to the announcement of the Company dated 6 September 2021, the announcement of the Company dated 17 September 2021 and the announcement of the Company dated 8 October 2021.

On 6 September 2021 (after trading hours), the Tenant, an indirect wholly-owned subsidiary of the Company, the Landlord and the Guarantor entered into the Provisional Tenancy Agreement in respect of the Huizhou Factory Leasing for a term of ten years tentatively commencing from 23 October 2021 to 22 October 2031. As at the date of this circular, the construction of the Huizhou Factory is complete. The commencement of the Huizhou Factory Leasing is subject to the execution of the Formal Tenancy Agreement.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, further information on the transactions contemplated under the Provisional Tenancy Agreement and other information as required to be contained in this circular under the Listing Rules.

II. PROVISIONAL TENANCY AGREEMENT

Details of the Provisional Tenancy Agreement and the transactions contemplated thereunder are set out below:

Date: : 6 September 2021

Parties : (1) Huizhou Weilan Sports Equipment Company Limited* (惠州市蔚藍體育用品有限公司) (i.e. the Landlord)

(2) Tung Pak Printing (Huizhou) Company Limited* (東柏彩印(惠州)有限公司) (i.e. the Tenant)

(3) Mr. Chen Zhencheng* (陳鎮城) (i.e. the Guarantor)

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Landlord and its ultimate beneficial owner(s) and the Guarantor are Independent Third Parties.

Huizhou Factory : The Huizhou Factory will be the Group's future production base and is located at Zhongkai High-Tech Industrial Development Zone, Huizhou City, Guangdong Province, the PRC* (中國廣東省惠州市仲愷高新區) with a total gross floor area of approximately 65,270.91 square metres, which shall include the production factory (inclusive of office premises), dormitory and security room.

LETTER FROM THE BOARD

The Landlord shall promptly handle the application of the property ownership certificate* (不動產產權證書) and complete the filing procedures of the construction completion acceptance* (竣工驗收備案手續) in accordance with the Cooperation Framework Agreement.

Further, the Landlord agreed to complete the construction completion acceptance* (竣工驗收) before 30 October 2021, complete the filing procedures of the construction completion acceptance* (竣工驗收備案手續) for the Huizhou Factory before 15 January 2022, and obtain the property ownership certificate* (不動產產權證書) of the Huizhou Factory before 30 April 2022. After obtaining the property ownership certificate* (不動產產權證書) of the Huizhou Factory, the Landlord shall conduct the tenancy registration and filing procedures* (租賃房屋登記備案手續) for the Huizhou Factory.

If the Landlord fails to complete the construction completion acceptance* (竣工驗收) or the filing procedures of the construction completion acceptance* (竣工驗收備案手續) for the Huizhou Factory, or fails to obtain the property ownership certificate* (不動產產權證書) of the Huizhou Factory, by the aforesaid deadlines, the rental payment shall be suspended until the Landlord completes or obtains the same.

The Huizhou Factory has a total of seven floors above the ground.

The total gross floor area of the Huizhou Factory is 65,270.91 square metres of which:

- (1) Production factory: 53,009.23 square metres
- (2) Dormitory: 12,201.5 square metres
- (3) Security room: 60.18 square metres

It shall also be free for the Tenant to use the open area surrounding the Huizhou Factory, which is owned by the Landlord, for car parking during the lease term.

LETTER FROM THE BOARD

Save and except a bank mortgage of the land where the Huizhou Factory was built, the Huizhou Factory and the land where it was built were free from any other encumbrances or legal defects such as other mortgages and seizures.

Usage : The Huizhou Factory is used for the Tenant's printing production and operation purposes, or for the Tenant's other business purposes.

In order to meet the Tenant's business needs, the Landlord shall ensure complete infrastructure, complete facilities for communication, water supply, power supply, and domestic sewage treatment, and the capacity or load shall meet the actual needs of the Tenant for printing industry production and operation.

Term : The lease term shall be ten years tentatively commencing from 23 October 2021 to 22 October 2031

Rent : The monthly rent for the first three years of the lease term shall be calculated at the rate of RMB19.0 per square metre, and shall be increased to RMB21.85 per square metre from the fourth to sixth year, and further increased to RMB25.1275 per square metre for the rest of the lease term. All the three rates are inclusive of tax and management fee.

The annual rent (inclusive of tax and management fee) shall be approximately:

(1) for the first three years of the lease term (i.e. from 23 October 2021 to 22 October 2024):

RMB14.9 million (equivalent to approximately HK\$17.9 million) per annum

(2) for the fourth to sixth year of the lease term (i.e. from 23 October 2024 to 22 October 2027):

RMB17.1 million (equivalent to approximately HK\$20.5 million) per annum

LETTER FROM THE BOARD

- (3) from the seventh year onwards of the lease term (i.e. from 23 October 2027 to 22 October 2031):

RMB19.7 million (equivalent to approximately HK\$23.6 million) per annum

The rent does not include the water and electricity fees incurred by the Tenant, which shall be borne by the Tenant solely.

The rent under the Huizhou Factory Leasing has been determined after arm's length negotiations between the parties with reference to the prevailing market rent for comparable premises in the vicinity of the Huizhou Factory and with the support of the rental valuation report on market rent of the Huizhou Factory Leasing issued by the Independent Property Valuer.

Payment terms : The rent shall be payable in advance on or before the fifth day of each and every calendar month. After three days from the Landlord's demand, any overdue payment will be subject to a daily penalty fee of 0.1% of the overdue amount.

Given that Tung Pak (SZ) has already paid the Landlord rental prepayment of RMB10.0 million in accordance with the Cooperation Framework Agreement, Landlord and the Tenant agreed that the aforementioned prepayment will off-set the rent for a period of eight months since the commencement date of the Huizhou Factory Leasing with the surplus to be returned from the Landlord to the Tenant.

Deposit : Tung Pak (SZ) has already paid the Landlord a deposit of RMB5.0 million in accordance with the Cooperation Framework Agreement, and the Landlord, the Tenant and Tung Pak (SZ) agreed to transfer the said deposit to become the rental deposit under the Huizhou Factory Leasing.

After the expiry of the lease, the rental deposit shall be returned to the Tenant without interest within three days after vacating the premises.

Pre-emptive rights : During the lease term or when the lease term expires, the Tenant shall have the priority to purchase the Huizhou Factory.

LETTER FROM THE BOARD

The purchase price shall be based on the valuation results of the land use rights of the land where the Huizhou Factory is located and the value of the Huizhou Factory by the respective appraisal agency appointed by the Landlord and the Tenant, each of which shall possess securities and futures qualifications, and the purchase price shall be determined by the Landlord and the Tenant after negotiation. Nevertheless, the purchase price shall not exceed the valuation results issued by the appraisal agencies by 20%.

At the end of the lease term, if the Landlord continues to lease out the Huizhou Factory, the Tenant shall have the priority to lease under the same conditions.

- Conditions precedent** :
- Unless otherwise agreed by all parties, the Provisional Tenancy Agreement shall contain the major terms of the Formal Tenancy Agreement. All parties agreed that:
 - (I) on or before 30 October 2021 (or such other day as agreed by the parties) (the “**Long Stop Date**”), they shall negotiate, prepare and enter into the Formal Tenancy Agreement; and
 - (II) the entering into the Formal Tenancy Agreement shall be subject to the following conditions precedent having been fulfilled:
 - (1) the Company being satisfied with the contents and conclusions of the PRC legal opinion issued by a PRC lawyer on issues in relation to the Huizhou Factory Leasing;
 - (2) all necessary consents and approvals in connection with the Huizhou Factory Leasing and the transactions contemplated thereunder having been obtained by the Company from the Stock Exchange or any governmental and regulatory authority (unless otherwise agreed);
 - (3) the Company having issued the announcement and the circular in relation to the Huizhou Factory Leasing and the transactions contemplated thereunder;

LETTER FROM THE BOARD

- (4) the resolutions to approve the Huizhou Factory Leasing and the transactions contemplated thereunder having been obtained from the Shareholders; and
- (5) the Landlord has issued a leasing notice* (出租通知函) to the bank, being the mortgagee of the land where the Huizhou Factory was built, to notify the bank about the Huizhou Factory Leasing, and the bank has acknowledged and agreed to the Huizhou Factory Leasing, and if in the future the bank having to exercise its rights as the mortgagee, it will duly inform the bidders about the tenancy of the buildings on such land, as a condition of acquisition that the bidders should accept.

If the parties fail to enter into the Formal Tenancy Agreement on or before the Long Stop Date pursuant to the above, the Provisional Tenancy Agreement shall terminate and be of no further effect. The Landlord and the Guarantor shall return the deposit of RMB15.0 million to Tung Pak (SZ) in accordance with the relevant term of the Cooperation Framework Agreement, and no party shall have any claim against or liability to the other party save for any antecedent breaches.

III. FINANCIAL EFFECT OF THE HUIZHOU FACTORY LEASING

The value (unaudited) of the right-of-use assets recognised by the Company about the Huizhou Factory Leasing amounted to approximately RMB116.2 million (equivalent to approximately HK\$139.4 million) which takes into consideration of:

- (i) the present value of total consideration payable of approximately RMB103.7 million (equivalent to approximately HK\$124.4 million) throughout the lease term under the Huizhou Factory Leasing;
- (ii) the rental prepayment of approximately RMB10.0 million (equivalent to approximately HK\$12.0 million) included in the non-current assets of the Company as at 30 September 2021; and

LETTER FROM THE BOARD

- (iii) the prepaid lease payment of approximately RMB2.5 million (equivalent to approximately HK\$3.0 million), being the excess of the principal amount of the refundable rental deposit of RMB5.0 million (equivalent to approximately HK\$6.0 million) included in the non-current assets of the Company as at 30 September 2021 over its fair value of approximately RMB2.5 million (equivalent to approximately HK\$3.0 million),

in accordance with HKFRS 16. Incremental borrowing rate of 7.0% is applied to compute the above right-of-use asset amount recognised by the Company.

The consolidated total assets of the Group would increase by approximately HK\$124.4 million upon the commencement of the Huizhou Factory Leasing, and a corresponding amount of lease liabilities of approximately HK\$124.4 million would be recognised at the same time.

The right-of-use asset will be depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Interest expenses on the lease liabilities will be recognised at the rate of 7.0% per annum. After the commencement date of the Huizhou Factory, the lease liabilities are adjusted by interest accretion and lease payments.

IV. INFORMATION ON THE PARTIES

The Group is a one-stop printing service provider.

The Tenant is a company incorporated in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. The Tenant principally engages in printing and related operations.

The Landlord is a company incorporated in the PRC with limited liability and is indirectly owned as to 40% by Mr. Chen Junbin* (陳俊彬), as to 40% by Mr. Chen Kuibin* (陳葵彬) and as to 20% by a PRC company which is owned as to 80% by Mr. Chen Zhencheng* (陳鎮城) and as to 20% by Mr. Chen Ruijun* (陳瑞君), respectively.

The Guarantor is Mr. Chen Zhencheng* (陳鎮城).

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Landlord and its ultimate beneficial owner(s) and the Guarantor are Independent Third Parties.

LETTER FROM THE BOARD

V. REASONS FOR AND BENEFITS OF THE HUIZHOU FACTORY LEASING

Reference is made to the prospectus of the Company dated 2 November 2017, and the three announcements of the Company dated 11 July 2018, 6 September 2019 and 11 August 2020 respectively.

As set out in the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated 2 November 2017 and the announcement of the Company dated 11 August 2020, the Group intended to apply approximately HK\$31.0 million or approximately 25.0% of the net proceeds to relocate the Group’s production base from the Shenzhen Factory to the Huizhou Factory and expected to fully utilise the relevant net proceeds on or before 31 March 2022.

Further, as disclosed in the announcement of the Company dated 11 August 2020, the Group’s current tenancy agreement of the Shenzhen Factory will expire in March 2022. As such, on 3 June 2019, the Group entered into the Cooperation Framework Agreement with, among others, the Landlord regarding the development and construction of the Huizhou Factory, and the leasing of the Huizhou Factory to the Group.

As the construction of the Huizhou Factory is complete and the Landlord is under the process of obtaining all the necessary consents, approvals, certificates and registrations in connection with the Huizhou Factory Leasing (including but not limited to the completion of the construction completion acceptance* (竣工驗收) and the filing procedures of the construction completion acceptance* (竣工驗收備案手續), and the obtaining of the property ownership certificate* (不動產產權證書)), the Group entered into the Provisional Tenancy Agreement with, among others, the Landlord to conclude the major terms of the Huizhou Factory Leasing.

The Huizhou Factory is located at Zhongkai High-Tech Industrial Development Zone, Huizhou City, Guangdong Province, the PRC. Huizhou City is located at the southeastern part of Guangdong Province and has the second largest area in the Greater Bay Area. Further, Zhongkai High-Tech Industrial Development Zone is one of the major development areas in Huizhou City at the national level and is also the PRC’s first electronic information industrial base at the national level, with relatively complete supply chains of mobile communications, panel display, automotive electronics, light-emitting diode (LED) and new energy.

Benefited from a modern comprehensive transport network gradually taking shape in Huizhou City, the Huizhou Factory is located at approximately 70 k.m. away from the Shenzhen Factory and approximately 75 k.m. away from the container port in Yantian, Shenzhen, the PRC.

LETTER FROM THE BOARD

Given that (i) the production capacity of the Shenzhen Factory, especially during the peak seasons, had been almost saturated; and (ii) the Group's current tenancy agreement of the Shenzhen Factory will expire in March 2022, the Directors consider that it would be in the best interests to relocate the Group's production base from the Shenzhen Factory on or before the expiry of the current tenancy agreement in March 2022 to the Huizhou Factory, which has a larger production factory with gross floor area of approximately 53,000 sq.m. as compared to the production factory of the Shenzhen Factory with gross floor area of approximately 26,000 sq.m..

As the Group's current tenancy agreement of the Shenzhen Factory will expire in March 2022, in order to minimise any potential disruption of the operations of the Group, the Directors consider that it is suitable to enter into the Provisional Tenancy Agreement at this stage in order to have sufficient time to renovate the Huizhou Factory for efficient relocation and production use.

In addition, the Directors consider that the Huizhou Factory is a newly constructed premises which will allow the Group to renovate and move in facilities which are suitable for the Group's production, with a larger production capacity as compared with the Shenzhen Factory, which will minimise the operational cost of the Group in the PRC by achieving economies of scale, and in turn improve the competitiveness of the Group by meeting customers' requirements for larger orders. As such, the Directors consider that the Huizhou Factory is a suitable premises to be used as the Group's production base.

Further, the rent under the Huizhou Factory Leasing has been determined after arm's length negotiations between the parties with reference to the prevailing market rent for comparable premises in the vicinity of the Huizhou Factory and with the support of the rental valuation report on market rent of the Huizhou Factory Leasing issued by the Independent Property Valuer.

In light of the reasons stated above, the Directors are of the view that the terms of the Huizhou Factory Leasing and the transactions contemplated thereunder are on normal commercial terms after arm's length negotiations, in the ordinary and usual course of business and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors has material interest in the Huizhou Factory Leasing and the transactions contemplated thereunder, and therefore no Director is required to abstain from voting on the Board resolutions approving the Huizhou Factory Leasing and the transactions contemplated thereunder.

LETTER FROM THE BOARD

VI. LISTING RULES IMPLICATIONS

Pursuant to HKFRS 16, the Huizhou Factory Leasing will require the Group to recognise the fixed portion of the rent for the Huizhou Factory as right-of-use assets on its consolidated statement of financial position. Therefore, the Huizhou Factory Leasing and the transactions contemplated thereunder will be regarded as an acquisition of asset by the Group under the Listing Rules. The value of right-of-use assets recognised by the Company under the Huizhou Factory Leasing amounted to approximately RMB116.2 million (equivalent to approximately HK\$139.4 million).

As the applicable percentage ratio(s) as defined under the Listing Rules in respect of the acquisition of right-of-use assets recognised by the Group pursuant to HKFRS 16 based on the consideration under the Huizhou Factory Leasing is 25% or more but is less than 100%, the Huizhou Factory Leasing constitutes a major transaction for the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, no Shareholder has a material interest in the Huizhou Factory Leasing and the transactions contemplated thereunder, and no Shareholder would be required to abstain from voting at a general meeting of the Company for approving the same if the Company were to convene such a general meeting. Accordingly, pursuant to Rule 14.44 of the Listing Rules, written Shareholders' approval may be accepted in lieu of holding a general meeting for approving the Huizhou Factory Leasing. As the Company has obtained the Written Approval, the Company is exempted from convening a general meeting to approve the Huizhou Factory Leasing and the transactions contemplated thereunder.

VII. FURTHER INFORMATION

Your attention is drawn to the information set out in the appendices to this circular.

LETTER FROM THE BOARD

VIII. RECOMMENDATION

As stated in the preceding paragraphs, the Directors considered that the terms of the Huizhou Factory Leasing were entered into on normal commercial terms, in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Although a general meeting will not be convened by the Company to approve the Huizhou Factory Leasing and the transactions contemplated therein, if such a general meeting were to be convened by the Company, the Board would recommend the Shareholders to vote in favour of the resolutions to approve the Huizhou Factory Leasing and the transactions contemplated thereunder.

IX. WARNING NOTICE

Commencement of the Huizhou Factory Leasing is subject to the satisfaction of the conditions precedent. Therefore, the Huizhou Factory Leasing may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

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

1. FINANCIAL SUMMARY

Details of the audited financial information of the Group for each of the years ended 30 June 2018, 2019 and 2020 are disclosed in the following annual reports of the Company for the years ended 30 June 2018, 2019 and 2020, respectively, which have been published and are available on the websites of the Stock Exchange and the Company. Please refer to the hyperlinks as stated below:

- the annual report of the Company for the year ended 30 June 2018 published on 30 October 2018 (pages 66 to 132)
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/1030/ltn20181030626.pdf>)
- the annual report of the Company for the year ended 30 June 2019 published on 29 October 2019 (pages 73 to 144)
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/1029/ltn20191029247.pdf>)
- the annual report of the Company for the year ended 30 June 2020 published on 28 October 2020 (pages 79 to 152)
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/1028/2020102800879.pdf>)

2. STATEMENT OF INDEBTEDNESS

Lease liabilities

As at 30 September 2021, the Group had current and non-current lease liabilities of approximately HK\$6.7 million and HK\$42,000 respectively.

Saved as disclosed and apart from intra-group liabilities and normal trade and other payables, as at 30 September 2021, the Group did not have outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, finance leases or hire purchases commitments, guarantees, material covenants, or other material contingent liabilities.

3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 30 June 2020 (being the date to which the latest published audited financial statements of the Group were made up) up to and including the Latest Practicable Date.

4. SUFFICIENCY OF WORKING CAPITAL

The Directors, after due and careful enquiries, are of the opinion that, after taking into account the effect of the transactions contemplated under the Huizhou Factory Leasing, the Group's internal resources, cash flow from operations, facilities available to the Group, the Group has sufficient working capital to satisfy its requirements for at least the next 12 months following the date of this circular, in the absence of unforeseeable circumstances. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

As disclosed in the annual report 2019/2020 of the Group published on 28 October 2020 for the year ended 30 June 2020, the Group's revenue was approximately HK\$311.8 million, representing an increase of approximately 10.6% as compared to the year ended 30 June 2019. The Group's cost of sales, profit before tax and net profit for the year ended 30 June 2020 were approximately HK\$197.1 million, HK\$53.8 million and HK\$44.9 million respectively, while the cost of sales, profit before tax and net profit for the year ended 30 June 2019 were approximately HK\$180.9 million, HK\$41.0 million and HK\$32.3 million respectively.

The latter half of the year 2021 is expected to be challenging due to influence of the re-outbreak of COVID-19 pandemic in Guangdong Province, the PRC. Furthermore, volatility of material cost, increase in labor cost, 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 the Group's staff and to ensure the smooth operation of the Group. Moreover, to cope with falling demand from the Group's 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 the Group's manufacturing cost in order to make the Group's printing products to be more competitive in the market and be cautious on the pricing of the Group's printing products. In addition, the Group is exploring opportunities on promotion of the Group's smart package and sustainable products to the Group's customers, which can differentiate the Group from the Group's competitors. With the Group's experienced management team and reputation in the printing industry, the Group's management believes the Group is well-equipped to deal with the forthcoming challenges and to maintain sustainable growth.

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its opinion of market rent of the property interest to be leased by the Company or its subsidiaries as at 30 September 2021.



仲量聯行

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
7/F One Taikoo Place 979 King's Road Hong Kong
tel +852 2846 5000 fax +852 2169 6001
License No: C-030171

22 October 2021

The Board of Directors
Sun Hing Printing Holdings Limited
4/F, Sze Hing Industrial Building
35-37 Lee Chung Street
Chai Wan, Hong Kong

Dear Sirs,

Re: To determine the market rent of a production base comprising a production factory, a dormitory and a security room (altogether as the "Huizhou Factory" or the "property") located at the southern side of Provincial Highway S120, Zhongkai High-Tech Industrial Development Zone, Huizhou City, Guangdong Province, the People's Republic of China (the "PRC")

INSTRUCTIONS, PURPOSE AND VALUATION DATE

In accordance with the instructions of Sun Hing Printing Holdings Limited (the "**Company**") to provide an opinion of market rent of the Huizhou Factory to be leased by the Company or its subsidiaries in the PRC, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market rent of the property as at 30 September 2021 (the "**valuation date**") for circular disclosure purpose.

BASIS OF VALUATION

Our valuation is carried out on a market rent basis. Market rent is defined by the IVS and followed by the HKIS Valuation Standards as "the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

VALUATION ASSUMPTIONS

No allowance has been made in our report for any charges, mortgages or amounts owing on any of the property interest valued nor for any expenses which may be incurred in effecting a tenancy. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its rental value.

Our rental opinion is carried out on the assumptions that the monthly rent is inclusive of value-added tax (“VAT”) and building management fee, but exclusive of utilities charges.

Our valuation excludes an estimated rental inflated or deflated by special terms or circumstances such as a typical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the letting, or any element of value available only to a specific lessor or lessee.

As at the valuation date, we have not been provided with any Real Estate Title Certificates (for building) of the property. In the course of valuation, we have assumed that all proper title documents of the property have been obtained and the property could be freely leased as at the valuation date.

Our valuation has been made on the assumption that the lessor leases or lets the property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the market rent of the property interest.

METHOD OF VALUATION

We have adopted the Direct Comparison Approach in our valuation of market rent as at the valuation date by referring to comparable market rent transactions/asking rent in our assessment of the market rental of a property. This approach rests on the wide acceptance of the market rental transactions as the best indicator and pre-supposes that evidence of relevant rent transactions in the marketplace can be extrapolated to similar properties, subject to allowances for variable factors.

VALUATION STANDARDS

In the course of our valuation, we have complied with all the requirements contained in the RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors; and the International Valuation Standards published by the International Valuation Standards Council.

SOURCE OF INFORMATION

We have relied to a very considerable extent on the information given by the Company and Huizhou Weilan Sports Equipment Company Limited (惠州市蔚藍體育用品有限公司, the “**Landlord**”) and have accepted advice given to us on such matters as tenure, floor area and all other relevant matters. Dimensions and measurements are based on the copies of documents collected from the Company and are therefore only approximations.

We have no reason to doubt the truth and accuracy of the information provided to us by the Company and the Landlord. We have also been advised by the Company that no material factors have been omitted from the information to reach an informed view and we have no reason to suspect that any material information has been withheld.

DOCUMENT AND TITLE INVESTIGATION

We have been shown copies of title documents including Real Estate Title Certificate, Construction Work Planning Permits, Construction Work Commencement Permit and other official plans relating to the property interest and have made relevant enquiries. However, we have not examined the original documents relating to the property and assumed that the copies of the documents obtained are consistent with their originals and the lease is valid and effective under the applicable laws.

AREA MEASUREMENT AND INSPECTION

We have not carried out detailed measurements to verify the correctness of the area in respect of the property but have assumed that the area shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

Inspection of the property was carried out in October 2021 by Mr. Samuel Feng, who has more than 3 years’ experience in the valuation of properties.

CURRENCY

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

COMMENTARY ON THE IMPACT OF COVID-19 ON VALUATION

We are instructed to provide our opinion of market rent as per the valuation date only. It is based on economic, market and other conditions as they exist on, and information made available to us as of, the valuation date and we assume no obligation to update or otherwise revise these materials for events in the time since then. In particular, the outbreak of the Novel Coronavirus (COVID-19) since declared Global Pandemic on the 11 March 2020 has caused much disruption to economic activities around the world. As of the report date, China's economy has recovered and most business activities have been back to normal. We also note that market activity and market sentiment in this particular market sector remain stable. However, we remain cautious due to uncertainty for the pace of global economic recovery in the midst of the outbreak which may have future impact on the real estate market. Therefore, we recommend that you keep the valuation of this property under frequent review.

VALUATION

Our valuation certificate is attached below for your attention.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Eddie T. W. Yiu
MRICS MHKIS RPS (GP)
Senior Director

Note:

Eddie T. W. Yiu is a Chartered Surveyor who has 27 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market rent in existing state as at 30 September 2021 RMB										
Huizhou Factory located at the southern side of Provincial Highway S120 Zhongkai High-Tech Industrial Development Zone Huizhou City Guangdong Province The PRC	<p>The property comprises a 7-storey production factory, a 8-storey dormitory and a single-storey security room completed in 2021 and they are erected on a parcel of land with a site area of approximately 46,322 sq.m..</p> <p>As advised by the Company and the Landlord, the property has a total gross floor area of approximately 65,270.91 sq.m.. The details are set out as below:</p> <table border="1"> <thead> <tr> <th>Usage</th> <th>Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Production factory</td> <td>53,009.23</td> </tr> <tr> <td>Dormitory</td> <td>12,201.50</td> </tr> <tr> <td>Security room</td> <td>60.18</td> </tr> <tr> <td>Total:</td> <td><u>65,270.91</u></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted to the Landlord for a term expiring on 16 August 2067 for industrial use.</p>	Usage	Gross Floor Area (sq.m.)	Production factory	53,009.23	Dormitory	12,201.50	Security room	60.18	Total:	<u>65,270.91</u>	As at the valuation date, the property was vacant.	1,240,000 (ONE MILLION TWO HUNDRED AND FORTY THOUSAND) per month, inclusive of VAT and building management fee, but exclusive of utilities charges
Usage	Gross Floor Area (sq.m.)												
Production factory	53,009.23												
Dormitory	12,201.50												
Security room	60.18												
Total:	<u>65,270.91</u>												

Notes:

- Pursuant to a Real Estate Title Certificate – Yue (2017) Hui Zhou Shi Bu Dong Chan Quan Zi Di No. 5017477, the land use rights of a parcel of land (including the land use rights of the property) with a site area of approximately 46,322 sq.m. have been granted to the Landlord for a term expiring on 16 August 2067 for industrial use.
- Pursuant to 2 Construction Work Planning Permits – Jian Zi Di Nos. 441302(2019)60395 and 441302(2020)60385 in favour of the Landlord, a production factory and a dormitory of the property with a total gross floor area of approximately 63,639.82 sq.m. have been approved for construction.
- Pursuant to a Construction Work Commencement Permit – No. 441352202001130201/4413522020011300101 in favour of the Landlord, permissions by the relevant local authority were given to commence the construction of a production factory and a dormitory with a total gross floor area of approximately 63,286.06 sq.m..
- For the security room of the property, we have not been provided with any Construction Work Planning Permits or Construction Work Commencement Permits.

5. As advised by the Company and the Landlord, the Construction Work Completion and Inspection Certificates and Real Estate Title Certificates (for building) of the property were under application as at the valuation date.
6. According to a Building Area Measurement Report dated 4 October 2021, the total gross floor area of the property is approximately 65,270.91 sq.m.. As instructed by the Company, our valuation of the market rent of the property is based on this gross floor area.
7. In the valuation of this property, we have made the following assumptions:
 - a. All proper title documents of the property have been obtained and the property could be freely leased;
 - b. The property is to be leased for a term of 10 years;
 - c. The open area surrounding the Huizhou Factory within the subject land parcel which is owned by the Landlord shall be used by the tenant for free for car parking during the lease term;
 - d. The monthly rent is inclusive of VAT and building management fee, but exclusive of utilities charges; and
 - e. The property is to be leased with bare shell condition and main utility facilities including water and power supply are available to the property.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital of the Company comprised 10,000,000,000 ordinary Shares, which is in turn in HK\$100,000,000, while the issued share capital of the Company comprises 480,000,000 ordinary Shares, which is in HK\$4,800,000.

As at the Latest Practicable Date, the Company had no outstanding options, warrants, derivatives or convertible securities which may confer any right to the holder thereof to subscribe for, convert or exchange into new Shares as at the Latest Practicable Date.

3. DISCLOSURE OF INTERESTS**(a) Directors' and chief executives' interest and/or short position in shares and underlying shares of the Company**

As at the Latest Practicable Date, the interests and short positions of the directors and chief executives of the Company in the shares and underlying shares of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were otherwise required, to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules, are set out below:

Long positions in shares of the Company or any of its associated corporation

Name of director	Company/ name of associated company	Nature of interest and capacity	Number and class of securities	Approximate percentage of the Company's or any of its associated corporations' total issued share capital
Chan Peter Tit Sang	The Company	Interest in a controlled corporation <i>(Note 1, 2)</i>	360,000,000 Shares	75%
	Goody Luck Limited	Beneficial owner	986 shares of US\$1.00 each	98.6%
Chan Kenneth Chi Kin	The Company	Interest in a controlled corporation <i>(Note 1, 2)</i>	360,000,000 Shares	75%
	Goody Luck Limited	Beneficial owner	14 shares of US\$1.00 each	1.4%
	Goody Capital Limited	Beneficial owner	1 share of US\$1.00 each	33.3%
Chan Chi Ming	The Company	Interest in a controlled corporation <i>(Note 1, 2)</i>	360,000,000 Shares	75%
	Goody Capital Limited	Beneficial owner	1 share of US\$1.00 each	33.3%
Chan Chun Sang Desmond	The Company	Interest in a controlled corporation <i>(Note 1, 2)</i>	360,000,000 Shares	75%
	Goody Capital Limited	Beneficial owner	1 share of US\$1.00 each	33.3%

Notes:

1. The Company is owned as to 54.8% by Goody Luck Limited and 20.2% by Goody Capital Limited (without taking into account any of the shares which may be allotted and issued upon exercise of the options that may be granted under the Share Option Scheme). Goody Luck Limited is owned as to 98.6% by Mr. Chan Peter Tit Sang and 1.4% by Mr. Chan Kenneth Chi Kin, and Goody Capital Limited is owned as to 33.3% by Mr. Chan Chun Sang Desmond, 33.3% by Mr. Chan Chi Ming and 33.3% by Mr. Chan Kenneth Chi Kin.
2. Mr. Chan Peter Tit Sang, Mr. Chan Kenneth Chi Kin, Mr. Chan Chi Ming, and Mr. Chan Chun Sang Desmond are persons acting in concert pursuant to the acting in concert confirmation and undertaking dated 9 February 2017 and accordingly each of them is deemed to be interested in the shares held by the others. By the acting in concert confirmation and undertaking dated 9 February 2017, with respect to the businesses of each member of the Group, (i) each of Mr. Chan Peter Tit Sang and Mr. Chan Chun Sang Desmond confirms that since 31 December 1990; (ii) each of Mr. Chan Peter Tit Sang, Mr. Chan Chun Sang Desmond and Mr. Chan Chi Ming confirms that since the 5 February 1991; and (iii) each of Mr. Chan Peter Tit Sang, Mr. Chan Chun Sang Desmond, Mr. Chan Chi Ming and Mr. Chan Kenneth Chi Kin confirms that since the 8 March 2010, (i) they have agreed to consult each other and reach an unanimous consensus among themselves on such matters being the subject matters of any shareholders' resolution, prior to putting forward such resolution to be passed at any shareholders' meeting of each member of the Group, and have historically voted on each resolutions in the same way; (ii) they have centralised the ultimate control and right to make final decisions with respect to their interests in the businesses and projects of members of the Group; and (iii) they have operated members of the Group as a single business venture on a collective basis and have made collective decisions in respect of the financial and operating policies of the members of the Group, and will continue to do so. As such, each of the controlling shareholders of the Company is deemed to be interested in 75% of the issued share capital of the Company.

Short positions in shares of the Company or any of its associated corporation

As at the Latest Practicable Date, there is no short positions of the directors and chief executives of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of SFO).

(b) Substantial shareholder's and other person's interests and/or short positions in the shares and underlying shares of the Company

As at the Latest Practicable Date, the following persons (other than the directors or the chief executive of the Company) have interests of 5% or more in the shares and underlying shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in ordinary shares of the Company

Name of shareholder	Capacity/nature of interest	Number of shares held	Approximate percentage of the Company's total issued share capital
Goody Luck Limited	Beneficial Interest (Notes 1, 2)	360,000,000	75%
Goody Capital Limited	Beneficial Interest (Notes 1, 2)	360,000,000	75%
Mr. Chan Peter Tit Sang	Interest in a controlled corporation (Note 2)	360,000,000	75%
Mr. Chan Kenneth Chi Kin	Interest in a controlled corporation (Note 2)	360,000,000	75%
Mr. Chan Chi Ming	Interest in a controlled corporation (Note 2)	360,000,000	75%
Mr. Chan Chun Sang Desmond	Interest in a controlled corporation (Note 2)	360,000,000	75%
Ms. Chan Lai Lin Diana	Interest of spouse (Note 3)	360,000,000	75%
Ms. Wong Orangeo Wendy	Interest of spouse (Note 4)	360,000,000	75%
Ms. Lee Shuk Fong	Interest of spouse (Note 5)	360,000,000	75%
Ms. Tso Yin Wah	Interest of spouse (Note 6)	360,000,000	75%
Deputada Leong On Kei, Angela	Beneficial Interest	24,000,000	5.0%

Notes:

1. The Company is owned as to 54.8% by Goody Luck Limited and 20.2% by Goody Capital Limited (without taking into account any of the shares which may be allotted and issued upon exercise of the options that may be granted under the Share Option Scheme). Goody Luck Limited is owned as to 98.6% by Mr. Chan Peter Tit Sang and 1.4% by Mr. Chan Kenneth Chi Kin, and Goody Capital Limited is owned as to 33.3% by Mr. Chan Chun Sang Desmond, 33.3% by Mr. Chan Chi Ming and 33.3% by Mr. Chan Kenneth Chi Kin.
2. Mr. Chan Peter Tit Sang, Mr. Chan Kenneth Chi Kin, Mr. Chan Chi Ming, and Mr. Chan Chun Sang Desmond are persons acting in concert pursuant to the acting in concert confirmation and undertaking dated 9 February 2017 and accordingly each of them is deemed to be interested in the shares held by the others. By the acting in concert confirmation and undertaking dated 9 February 2017, with respect to the businesses of each member of the Group, (i) each of Mr. Chan Peter Tit Sang and Mr. Chan Chun Sang Desmond confirms that since 31 December 1990; (ii) each of Mr. Chan Peter Tit Sang, Mr. Chan Chun Sang Desmond and Mr. Chan Chi Ming confirms that since the 5 February 1991; and (iii) each of Mr. Chan Peter Tit Sang, Mr. Chan Chun Sang Desmond, Mr. Chan Chi Ming and Mr. Chan Kenneth Chi Kin confirms that since the 8 March 2010, (i) they have agreed to consult each other and reach an unanimous consensus among themselves on such matters being the subject matters of any shareholders' resolution, prior to putting forward such resolution to be passed at any shareholders' meeting of each member of the Group, and have historically voted on each resolutions in the same way; (ii) they have centralised the ultimate control and right to make final decisions with respect to their interests in the businesses and projects of members of the Group; and (iii) they have operated members of the Group as a single business venture on a collective basis and have made collective decisions in respect of the financial and operating policies of the members of the Group, and will continue to do so. As such, each of the controlling shareholders of the Company is deemed to be interested in 75% of the issued share capital of the Company.
3. Ms. Chan Lai Lin Diana is the spouse of Mr. Chan Peter Tit Sang. Under the SFO, Ms. Chan Lai Lin Diana is deemed to be interested in the same number of shares in which Mr. Chan Peter Tit Sang is interested.
4. Ms. Wong Orangeo Wendy is the spouse of Mr. Chan Kenneth Chi Kin. Under the SFO, Ms. Wong Orangeo Wendy is deemed to be interested in the same number of shares in which Mr. Chan Kenneth Chi Kin is interested.
5. Ms. Lee Shuk Fong is the spouse of Mr. Chan Chi Ming. Under the SFO, Ms. Lee Shuk Fong is deemed to be interested in the same number of shares in which Mr. Chan Chi Ming is interested.
6. Ms. Tso Yin Wah is the spouse of Mr. Chan Chun Sang Desmond. Under the SFO, Ms. Tso Yin Wah is deemed to be interested in the same number of shares in which Mr. Chan Chun Sang Desmond is interested.

Short positions in shares of the Company or any of its associated corporation

As at the Latest Practicable Date, no person, other than the directors and chief executive of the Company, whose interests are set out in the section headed "Directors' and chief executives' interest and/or short position in shares and underlying shares of the Company" above, had registered an interest or a short position in the shares or underlying shares of the Company as recorded in the register of interests required to be kept pursuant to Section 336 of the SFO.

4. COMPETING INTEREST

None of the Directors are interested in any business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the business of the Group pursuant to Rule 8.10 of the Listing Rules as at the Latest Practicable Date.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any existing or proposed service contract with the Company, or any of its subsidiaries or associated companies which was not determinable by the employer within one year without payment of compensation (other than statutory compensation).

6. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OF SIGNIFICANCE

As at the Latest Practicable Date, no Director, directly or indirectly, had any interest in any assets which had since 30 June 2020 (being the date to which the latest published audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any of the Directors were materially interested and which was significant to the business of the Group.

7. EXPERT AND CONSENT

The following is the qualification of the expert who has given its advice and recommendation which is contained in this circular:

Name	Qualification
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Independent Property Valuer

The Independent Property Valuer has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its report and/or letter and/or opinion and/or summary thereof and/or reference to its name included herein (as the case may be), all of which are dated the date of this circular in the form and context in which it is respectively included.

As at the Latest Practicable Date, the Independent Property Valuer had no direct or indirect interests in any assets which has been acquired or disposed of by or leased to any member of the Group since 30 June 2020 (the date to which the latest published audited consolidated financial statements of the Group were made up) or proposed to be so acquired, disposed of or leased to any member of the Group.

As of the Latest Practicable Date, the Independent Property Valuer had no shareholding in the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company or any other member of the Group.

8. LITIGATION

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against any member of the Group that would have a material adverse effect on the results of operations or financial conditions of the Group.

9. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contract (not being contracts in the ordinary course of business) has been entered into by the Company or any of its subsidiaries within two years immediately preceding the Latest Practicable Date and is or may be material:

- (a) the Provisional Tenancy Agreement.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.sunhingprinting.com>) for the period of 14 days commencing from the date of this circular:

- (a) the material contract referred to in the section headed "9. Material contracts" in this appendix;
- (b) the valuation report prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the text of which is set out in Appendix II to this circular;
- (c) the written consent referred to in the paragraph headed "7. Expert and Consent" in this Appendix; and
- (d) this circular.

11. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Lam Yiu Cho, who is a member of the Hong Kong Institute of Certified Public Accountants.
- (b) The registered office of the Company is situated at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.
- (c) The head office and principal place of business of the Company in Hong Kong is 4/F, Sze Hing Industrial Building, 35-37 Lee Chung Street, Chai Wan, Hong Kong.
- (d) The principal share registrar of the Company is Ocorian Trust (Cayman) Limited at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.
- (e) The branch share registrar of the Company in Hong Kong is Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (f) The English text of this circular shall prevail over its Chinese text.