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HUNG HING PRINTING GROUP LIMITED

(incorporated in Hong Kong with limited liability)

(Stock code: 0450)

FINAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors of Hung Hing Printing Group Limited (the "Company") are pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2021 as follows:

CONSOLIDATED INCOME STATEMENT

	Note	2021 HK\$'000	2020 HK\$'000
Revenue	2	3,528,869	2,554,029
Cost of sales		(3,050,683)	(2,130,857)
Gross profit		478,186	423,172
Other revenue		49,578	101,216
Other net gain		13,330	77,332
Distribution costs		(101,110)	(67,122)
Administrative and selling expenses		(368,313)	(407,251)
Operating profit		71,671	127,347
Finance costs	3	(2,930)	(3,484)
Share of losses of associates		(359)	(1,998)
Profit before income tax		68,382	121,865
Income tax	5	(19,061)	(20,092)
Profit for the year		49,321	101,773
Attributable to:			
Equity shareholders of the Company		51,953	109,357
Non-controlling interests		(2,632)	(7,584)
Profit for the year		49,321	101,773
		HK cents	HK cents
Earnings per share attributable to equity shareholders of the Company	6		
Basic		5.8	12.1
Diluted		5.7	12.1
		HK\$'000	HK\$'000
Dividends	7	118,023	118,023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2021	2020
	HK\$'000	HK\$'000
Profit for the year	49,321	101,773
Other comprehensive income for the year (net of tax):		
<i>Item that will not be reclassified to profit or loss</i>		
Change in fair value of equity investments at fair value through other comprehensive income ("FVOCI") (non-recycling)	15,803	(17,823)
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of financial statements of subsidiaries and an associate outside Hong Kong	26,376	65,032
Change in fair value of intangible assets	300	-
Other comprehensive income for the year	42,479	47,209
Total comprehensive income for the year	91,800	148,982
Attributable to:		
Equity shareholders of the Company	86,715	148,071
Non-controlling interests	5,085	911
Total comprehensive income for the year	91,800	148,982

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 31 December 2021 HK\$'000	At 31 December 2020 HK\$'000
	Note		
Non-current assets			
Property, plant and equipment		1,392,360	1,344,612
Intangible assets		13,396	13,045
Deposits for acquisition of non-current assets		45,026	26,640
Interest in associates		22,400	21,680
Financial investments		60,507	51,998
Deferred tax assets		14,249	18,836
		<u>1,547,938</u>	<u>1,476,811</u>
Current assets			
Inventories		733,362	464,085
Trade and other receivables	8	949,698	840,369
Pledged time deposits		-	244
Structured bank deposits		388,600	449,750
Cash at bank and on hand		685,352	908,794
		<u>2,757,012</u>	<u>2,663,242</u>
Current liabilities			
Trade and other payables	9	470,337	434,698
Bank borrowings		192,282	120,847
Lease liabilities		6,384	6,350
Income tax payable		8,650	15,657
		<u>677,653</u>	<u>577,552</u>
Net current assets		<u>2,079,359</u>	<u>2,085,690</u>
Total assets less current liabilities		<u>3,627,297</u>	<u>3,562,501</u>
Non-current liabilities			
Lease liabilities		1,937	3,212
Receipt in advance	10	145,727	80,898
Deferred income	10	79,881	36,662
Deferred tax liabilities		52,616	53,721
		<u>280,161</u>	<u>174,493</u>
Net assets		<u>3,347,136</u>	<u>3,388,008</u>
Capital and reserves			
Share capital		1,652,854	1,652,854
Reserves		1,535,145	1,584,892
Total equity attributable to equity shareholders of the Company		<u>3,187,999</u>	<u>3,237,746</u>
Non-controlling interests		159,137	150,262
Total equity		<u>3,347,136</u>	<u>3,388,008</u>

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of Preparation and Accounting Policies

The financial information relating to the years ended 31 December 2021 and 2020 included in this preliminary announcement of final results for the year ended 31 December 2021 does not constitute the Company's statutory annual consolidated financial statements for those years but, in respect of the year ended 31 December 2020, is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance ("Companies Ordinance") is as follows:

The Company has delivered the financial statements for the year ended 31 December 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2021 in due course. The Company's auditor has reported on these financial statements for both years. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The significant accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2020 except for the accounting policy changes that are reflected in the consolidated financial statements for the year ended 31 December 2021.

Details of any change in accounting policies are set out below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Of these, the following amendments are relevant to the Group:

- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16,
Interest rate benchmark reform — phase 2
- Amendment to HKFRS 16, *Covid-19-Related Rent Concessions beyond 30 June 2021*

None of these developments have had a material effect on how the Group's result and financial position for the current or prior periods have been prepared or presented. The Group has not adopted any new standard or interpretation that is not yet effective for the current accounting period.

2. Revenue and Segment Information

The management committee (being the chief operating decision-maker) has determined the operating segments based on the reports reviewed to make strategic decisions and assess performance. The management committee, comprising the executive chairman and other senior management, has determined the operating segments based on these reports. The Group is organised into four business segments:

- (a) Book and Package Printing segment;
- (b) Consumer Product Packaging segment;
- (c) Corrugated Box segment; and
- (d) Paper Trading segment.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

Revenue from external customers are after elimination of inter-segment revenue. Inter-segment revenue is charged in accordance with terms determined and agreed mutually by relevant parties.

Management assesses the performance of the operating segments based on a measure of gross profit and other revenue less distribution costs, administrative and selling expenses, and other net gain that are allocated to each segment. Other information provided is measured in a manner consistent with that in the financial statements.

Sales between segments are carried out at an arm's length basis.

Segment results do not include corporate finance costs and other corporate income and expenses and share of result of associates.

The following tables present revenue, results and certain information for the Group's business segments for the years ended 31 December 2021 and 2020.

	2021			Segment results
	Segment revenue			results
	Sales to external customers	Inter-segment sales	Total	
	HK'\$000	HK'\$000	HK'\$000	HK'\$000
Book and Package Printing	2,307,027	1,749	2,308,776	27,792
Consumer Product Packaging	539,510	22,213	561,723	(9,106)
Corrugated Box	284,241	167,457	451,698	8,861
Paper Trading	398,091	608,247	1,006,338	47,947
Eliminations	-	(799,666)	(799,666)	(2,733)
	<u>3,528,869</u>	<u>-</u>	<u>3,528,869</u>	<u>72,761</u>
Interest income and other income				29,094
Corporate and unallocated expenses				(30,184)
Operating profit				<u>71,671</u>
Finance costs				(2,930)
Share of loss of associates				(359)
Profit before income tax				<u>68,382</u>
Income tax				(19,061)
Profit for the year				<u><u>49,321</u></u>

2020

	Segment revenue			Segment results
	Sales to external customers	Inter-segment sales	Total	
	HK'\$000	HK'\$000	HK'\$000	HK'\$000
Book and Package Printing	1,559,219	1,411	1,560,630	85,976
Consumer Product Packaging	469,979	1,265	471,244	(10,810)
Corrugated Box	238,811	99,501	338,312	13,318
Paper Trading	286,020	282,466	568,486	(5,130)
Eliminations	-	(384,643)	(384,643)	1,420
	<u>2,554,029</u>	<u>-</u>	<u>2,554,029</u>	<u>84,774</u>
Interest income and other income				38,463
Gain on disposal of property, plant and equipment (Note 4)				56,953
Corporate and unallocated expenses				(52,843)
Operating profit				<u>127,347</u>
Finance costs				(3,484)
Share of loss of associates				(1,998)
Profit before income tax				<u>121,865</u>
Income tax				(20,092)
Profit for the year				<u><u>101,773</u></u>

3. Finance Costs

	2021 HK\$'000	2020 HK\$'000
Interest on bank borrowings	2,493	3,015
Interest on lease liabilities	437	469
	<u>2,930</u>	<u>3,484</u>

4. Profit Before Income Tax

The Group's profit before income tax is arrived at after charging or crediting the following items:

	2021 HK\$'000	2020 HK\$'000
After charging -		
Depreciation		
- owned property, plant and equipment	110,555	106,229
- other assets leased for own use	12,515	12,755
- land use right	3,971	3,213
Amortisation of intangible assets	2,176	1,494
Loss on disposal of property, plant and equipment, net	5,105	-
Loss allowance of trade receivables	-	48,281
Loss allowance of other receivables	933	9,937
Lease charges for short-term leases	3,235	2,990
Employee benefits expense (including directors' emoluments)	809,210	629,343
Fair value loss on financial assets measured at FVPL	7,850	-
Net foreign exchange loss	-	1,129
Write-down of inventories, net	-	4,444
	<u><u>-</u></u>	<u><u>4,444</u></u>

After crediting -		
Dividend income from financial investments	484	484
Interest income	8,336	16,374
Government grants	19,138	73,129
Gain on disposal of property, plant and equipment, net*	-	55,695
Reversal of write-down of inventories, net	874	-
Reversal of loss allowance of trade receivables	206	-
Net foreign exchange gain	4,391	-
Fair value gain on structured bank deposits	11,280	7,278
Net realised gain on derivative financial instruments not qualified as hedges, net	10,614	15,488

* During the year ended 31 December 2020, the Group surrendered and vacated from part of its land and properties in Wuxi to Wuxi Local Administration and recognised a gain of HK\$56,953,000, which was net of related service costs of HK\$3,170,000.

5. Income Tax

	2021 HK\$'000	2020 HK\$'000
Current tax - Hong Kong Profits Tax		
Provision for the year	2,434	-
Over-provision in respect of prior years	-	(55)
	<u>2,434</u>	<u>(55)</u>
Current tax - PRC Income Tax		
Provision for the year	2,679	18,048
Under-provision in respect of prior years	11,606	-
	<u>14,285</u>	<u>18,048</u>
Withholding tax	<u>61</u>	<u>142</u>
Deferred tax		
Origination and reversal of temporary differences	2,281	1,957
	<u>19,061</u>	<u>20,092</u>

The provision for Hong Kong Profits Tax for 2021 is calculated at 16.5% of the estimated assessable profits for the year. No provision for Hong Kong Profits Tax has been made for 2020 as the Company and its subsidiaries in Hong Kong have either sustained losses for tax purpose or their unused tax losses were sufficient to cover their estimated assessable profits.

Hung Hing Printing (China) Company Limited (“HHCN”), an indirect wholly owned subsidiary of the Company, was certified as a High-New Technology Enterprise in 2020. The effective PRC Corporate Income Tax (“CIT”) for 2020 and 2021 was subject to a reduced tax rate of 15%. For PRC entities other than HHCN, PRC Income Tax represents CIT calculated at 25% (2020: 25%) and PRC withholding tax at the applicable rates. Pursuant to the income tax rules and regulations, provision for PRC withholding tax on dividend income is calculated based on 5% (2020: 5%) of the dividend income from subsidiaries in the PRC. Pursuant to the income tax rules and regulations, provision for Vietnam withholding tax on interest income is calculated based on 5% (2020: 5%) of the interest income from subsidiary in Vietnam.

6. Earnings Per Share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$51,953,000 (2020: HK\$109,357,000) and the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company under the Share Award Scheme.

	2021	2020
Profit attributable to equity shareholders of the Company (HK\$'000)	<u>51,953</u>	<u>109,357</u>
Weighted average number of ordinary shares in issue ('000)	907,865	907,865
Weighted average number of own held shares for Share Award Scheme ('000)	<u>(7,136)</u>	<u>(5,425)</u>
Weighted average number of ordinary shares in issue for calculation of basic earnings per share ('000)	<u>900,729</u>	<u>902,440</u>
Basic earnings per share (HK cents per share)	<u>5.8</u>	<u>12.1</u>

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$51,953,000 (2020: HK\$109,357,000) and the weighted average number of ordinary shares of 905,229,000 shares (2020: 907,439,000 shares).

	2021	2020
Profit attributable to equity shareholders of the Company (HK\$'000)	<u>51,953</u>	<u>109,357</u>
Weighted average number of ordinary shares in issue ('000)	900,729	902,440
Effect of deemed issue of shares under the Company's Share Award Scheme ('000)	<u>4,500</u>	<u>4,999</u>
Weighted average number of ordinary shares (diluted) at 31 December ('000)	<u>905,229</u>	<u>907,439</u>
Diluted earnings per share (HK cents per share)	<u>5.7</u>	<u>12.1</u>

7. Dividends

	2021 HK\$'000	2020 HK\$'000
Interim dividend of HK4 cents (2020: HK3 cents) per ordinary share	36,315	27,236
Proposed special dividend of HK5 cents (2020: HK6 cents) per ordinary share	45,393	54,472
Proposed final dividend of HK4 cents (2020: HK4 cents) per ordinary share	36,315	36,315
	<u>118,023</u>	<u>118,023</u>

The directors recommend the payment of a special dividend of HK5 cents per ordinary share and a final dividend of HK4 cents per ordinary share. Such dividends are to be approved by the shareholders at the forthcoming annual general meeting of the Company.

8. Trade and Other Receivables

	2021 HK\$'000	2020 HK\$'000
Trade receivable	854,588	767,023
Less: Loss allowance	(7,293)	(9,545)
	<u>847,295</u>	<u>757,478</u>
Trade receivable due from related parties	176	-
Total trade receivable, net	<u>847,471</u>	<u>757,478</u>
Bills receivable	12,692	4,986
Prepayment, deposits and other receivables	87,085	77,905
Amount due from an associate	2,450	-
	<u><u>949,698</u></u>	<u><u>840,369</u></u>

Trade receivables are normally due within 30 to 90 days from the date of billing.

The aging analysis of total trade receivables at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2021 HK\$'000	2020 HK\$'000
1 - 30 days	359,661	282,687
31 - 60 days	181,602	189,927
61 - 90 days	123,062	122,414
Over 90 days	183,146	162,450
	<u>847,471</u>	<u>757,478</u>

Movement in the loss allowance account in respect of trade receivable during the year is as follows:

	2021 HK\$'000	2020 HK\$'000
At 1 January	9,545	9,872
(Reversal of impairment loss)/impairment loss	(206)	48,281
Amount written off as uncollectible	(2,164)	(48,776)
Exchange differences	118	168
At 31 December	<u>7,293</u>	<u>9,545</u>

9. Trade and Other Payables

	2021 HK\$'000	2020 HK\$'000
Trade payables	214,466	187,309
Trade payables due to related parties	184	193
Total trade payables	<u>214,650</u>	<u>187,502</u>
Bills payables	28,566	14,715
Deferred income - current portion	6,233	5,874
Other payable and accrued liabilities	220,888	226,607
	<u><u>470,337</u></u>	<u><u>434,698</u></u>

The aging analysis of total trade payables at the end of the reporting period, based on the invoice date, is as follows :

	2021	2020
	HK\$'000	HK\$'000
1 - 30 days	163,666	147,541
31 - 60 days	42,123	27,419
61 - 90 days	3,590	4,942
Over 90 days	5,271	7,600
	<u>214,650</u>	<u>187,502</u>

10. Receipt in advance and deferred income

As at 31 December 2021, receipt in advance of HK\$145,727,000 (2020: HK\$80,898,000) and deferred income of HK\$54,401,000 (2020: HK\$36,662,000) represented receipts from Wuxi Local Administration in relation to the Group's land and properties at Wuxi to be surrendered to Wuxi Local Administration and compensation of the relocation expenses to be incurred for the land resumption, respectively. The remaining part of the deferred income which amounts to HK\$25,480,000 (2020: nil) represents the government grants related to purchase of property, plant and equipment.

MANAGEMENT DISCUSSION AND ANALYSIS

The Hung Hing Printing Group was able to leverage its hard-earned customer relationships and forward-looking investments in infrastructure and technology to drive strong topline growth in 2021. As a result, we increased revenues significantly by 38.2% during the year to reach HK\$3,529 million.

The continuing effects of the COVID-19 pandemic caused turmoil in supply chain and logistics, impacting operations and driving up operating costs. Disruptions included labour shortages due to social and movement restrictions and surges in paper prices. The discontinuation of a one-time government subsidy provided in 2020 and unfavourable RMB appreciation relating to production costs, combined with these factors, led to a decline of profit for the year. Profit attributable to equity shareholders of the Company decreased by 52.5% to HK\$52.0 million, compared to HK\$109.4 million recorded in 2020.

Through deploying a swift and agile approach to order fulfilment, Hung Hing strengthened partnership ties with selected strategic customers in export markets. Our vertically-integrated and diversified manufacturing capabilities and agile operations enabled us to demonstrate strength, resilience and empathy in taking up strategic customers orders and other demands, including various rush orders with significant volume. The success of this approach is a testament to the Group's strong financial position and management's ability to optimize operations and deliver amidst unprecedented widespread market disruptions. It allowed us to consolidate our relationships with customers and expand our customer base, which will serve us well in the years ahead.

2021 saw us continuing to invest in the future of our business. We further enhanced our manufacturing capabilities in mainland China and doubled the floor area of our new facility near Hanoi in Vietnam, which also helped us meet increased demand for environmentally-friendly print products for both the export and domestic Vietnam markets. Our Heshan plant has a critical role in our strategic growth plans and we continued the process of expanding it with three more new facilities: a research and development centre completed at the end of 2021; a building for manufacturing with diversified capabilities, and a smart warehousing facility. The latter two are expected to be completed in Q1 2022.

Business Unit Report

The Book and Package printing (BPP), the largest Group business, grew revenues by 48.0% to HK\$2,307 million, driven by an increase in orders from strategic customers and diversification into new export markets. Rapid growth was witnessed in new product categories which demanded sustainable manufacturing, including plastic-free and recyclable products and premiums. Our experienced production team and the design capabilities of the Beluga design hub helped us successfully accomplish a significant number of projects received with challenging delivery timelines, especially in the second half of the year.

Unpredictable surges in paper price, labour shortages, power staggering, logistics disruptions and RMB exchange impacted cost of sales. Our investments in automation helped offset some of the labour costs, while our vertically integrated model and tactical inventory management strategies allowed us to secure adequate sourcing of paper despite extensive disruptions in market supply.

Yum Me Print and Papery, the sustainable lifestyle product brand under Beluga, expanded into more consumer brands and retail outlets in Hong Kong while Yum Me Play and STEM Plus organised large-scale activities and explored wider markets for interactive educational events.

The Consumer Product Packaging (CPP) business unit continued to serve customers in mainland China. Despite a soft mainland China domestic market, the CPP business unit grew revenues by 14.8% to HK\$540 million – a return to pre-pandemic levels. The operational issues such as surges in paper prices that affected all manufacturers in China in 2021 had an impact on the performance of the business unit as well. Recovery of written off debts and the receipt of government incentives relating to technology upgrade were invested in the development of new businesses and technologies and partially offset their impact.

The relocation and land resumption at our Wuxi facility continues at full speed as planned, and the tender for the main construction has been completed. New high technology features are being planned, which will improve our offering of value-added products applying advanced production technologies at competitive prices. Construction of the core facility is expected to complete by Q1 2023.

Revenues of the Corrugated Box (CB) business unit grew by 19.0% to HK\$284 million in 2021 as a result of increased demand from industrial customers and paper prices. However, passthrough of impact from extreme paper price fluctuations took time to effectively execute. As a result, it experienced a reduction in profit contribution from HK\$13 million to HK\$9 million, when compared with 2020.

Besides serving as a key strategic partner for our other business units, the Paper Trading (PT) business unit was able to drive revenue and profit growth. The ability to secure adequate sourcing of papers despite extensive disruptions in market supply and prudent and forward-looking inventory strategies enabled it to take advantage of increased paper prices and industry consolidation. As a result, PT achieved an increase of 39.2% in external revenues and made a profit contribution of HK\$48 million compared with a loss of HK\$5 million in 2020.

Principal Risks and Uncertainties

Risks and uncertainties may affect the Group's business performance or growth prospects, leading to a divergence from expected or historical results. The Group faces certain generic risks that commonly apply to players within the sector, such as fluctuations in exchange rates and commodities prices, including paper prices, and inflation in labour cost.

Risks specific to 2021 that affected the Group's activities included major disruptions to the global supply chain and abrupt increases in logistics costs fuelled by COVID-19, strained US-Sino trade relationships, and public policy restrictions (movement of people and social distancing) that impacted labour supply. Additionally, COVID-19-related government subsidies to alleviate the impact of the pandemic were discontinued in 2021 when compared to 2020. Geopolitical factors such as those being observed recently in Eastern Europe may affect world trade and also the Group.

Future Business Developments

The Group as well as customers expect fluctuating market conditions and challenges to be addressed in the coming months. The Group is confident in the scale of its operating capacity and strong financial position to uphold its commitment to market-leading service standards and become a preferred strategic partner, overcoming these adverse circumstances and facilitating customer success.

The Group will continue to respond swiftly to business development opportunities, demonstrate its ability to help customers overcome adverse conditions, optimize its operations and deliver on our commitments to our customers amidst unexpected market interruptions. Closer partnerships with an expanded customer base and tailored service delivery will help us meet the demands of the fast-evolving market.

In tandem, we will drive cost savings through continuous investments in automation, technology and process improvement, strengthening our competitive advantages: manufacturing agility, with diversified capabilities spread among a well-coordinated network of production sites; the ability to scale up production, warehousing capacity, and staff within short turnaround times as needed. The Group will continue to extend its support to all appropriate government policies to achieve success of its greater social objectives.

Strong Financial Position: Net Cash Holding of HK\$882 million

The Group maintained a robust cash position with HK\$882 million net cash in hand (total cash including structured bank deposits and net of bank borrowings). The financial strength enables us to invest for long-term sustainable growth and reward our shareholders.

Prudent currency hedging strategies to manage fluctuations in exchange rates led to favourable outcomes. The Group deployed RMB-link structured bank deposits (2021 year-end balance at HK\$389 million) to enhance yield and at the same time, provide hedging for RMB requirements.

Despite the short-term impacts experienced in 2021 due to the COVID-19 pandemic, global businesses will continue to need reliable partners who deliver value as they gain confidence in market prospects. To drive long term development, we invested HK\$177 million during 2021 in setting up advanced equipment and facilities at various locations of our core businesses, and expanding the Wuxi, Heshan and Vietnam facilities. We will continue to consolidate opportunities in the coming years on unique competitive technologies and capacities to address the export and China domestic market.

Gearing ratio was kept at a conservative level of 5.7% (2020: 3.6%).

To mitigate exchange risk while meeting operating cash requirements, 33% of total cash (vs. 2020: 59%) was held in RMB, while the rest was mainly held in USD 49% (vs. 2020: 22%) and HKD 13% (vs. 2020: 18%). Loans were confined to HKD and USD to control currency exposure and minimise interest expenses. We also carefully managed our loan portfolio, using a combination of floating and fixed interest rate facilities depending on financial market conditions to minimise interest rate risk.

Contingent Liabilities and Pledge of Assets

As at 31 December 2021, the Group has provided corporate guarantees to the extent of HK\$28 million to secure the banking facilities of a former related company of the Company governed by shareholders' agreement.

Outlook

In 2022, we are cautiously confident about stable development of our core business and increased demand in eco-friendly, recycled, and plastic-free products, especially from export markets. We are upgrading our existing IT systems, enhancing our capabilities in China and Vietnam, and right-sizing our workforce dynamically as needed to achieve high-margin growth.

Issues from supply chain disruption, labour shortages, and electricity supply, lingering impacts of COVID-19, are expected to persist. Paper prices are likely to remain high. The geopolitical developments in Eastern Europe are also likely to have an impact on world trade. We are well placed to face these challenges, with a unique combination of strengths including vertically integrated operations, economies of scale, geographically diversified facilities, a strong financial position, and most importantly a skilled and committed team.

The Company is deeply grateful to the untiring efforts of our colleagues, management team, board members and shareholders, for their wholehearted support.

SPECIAL DIVIDEND AND FINAL DIVIDEND

The directors recommend a special dividend of HK5 cents (2020: HK6 cents) per share and a final dividend of HK4 cents (2020: HK4 cents) per share. The proposed special dividend and final dividend are subject to shareholders' approval at the forthcoming annual general meeting of the Company. These, together with an interim dividend of HK4 cents (2020: HK3 cent) per share paid in October 2021, will make a total dividend of HK13 cents (2020: HK13 cents) per share for the financial year.

The proposed special dividend and final dividend will be paid by cash on 21 June 2022 to shareholders whose names appear on the Register of Members of the Company on 6 June 2022.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 23 May 2022 to Thursday, 26 May 2022, 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 Tengis Limited of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 20 May 2022.

The Register of Members of the Company will be closed from Wednesday, 1 June 2022 to Monday, 6 June 2022, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed special dividend and final dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Tuesday, 31 May 2022.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's shares during the year, except that the trustee of the Restricted Share Award Scheme, pursuant to the terms of the rules and trust deed of the Restricted Share Award Scheme, purchased on the Stock Exchange a total of 9,508,000 shares of the Company at a total consideration of HK\$12,655,000.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has complied with all the applicable code provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2021 except for the following deviations:

1. Code Provision A.2.1 provides that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The roles of the chief executive officer have been undertaken by Mr. Yum Chak Ming, Matthew, the Executive Chairman of the Company. The Board is of the opinion that it is appropriate and in the best interests of the Company that Mr. Yum should hold these offices. The Board believes that it is effective to monitor and assess business performance in a manner that properly protects the interests of shareholders.
2. Code Provision A.4.1 provides that non-executive directors should be appointed for a specific term, subject to re-election. The non-executive directors of the Company are not appointed for a specific term. However under the Articles of Association of the Company, one-third of the directors who have served longest on the Board shall retire from office by rotation every year at the annual general meeting. All directors of the Company retire by rotation at least once every three years and hence the terms of appointment of the non-executive directors are limited accordingly.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of 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 complied with the required standard set out in the Model Code, throughout the accounting period covered by the final results.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the final results for the year ended 31 December 2021 and the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters. The audit committee comprises three independent non-executive directors and a non-executive director of the Company.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for year ended 31 December 2021 have been agreed by the Group's auditor, KPMG ("KPMG"), to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2021. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by KPMG on the preliminary announcement.

By Order of the Board
Hung Hing Printing Group Limited
Yum Chak Ming, Matthew
Executive Chairman

Hong Kong, 24 March 2022

As at the date of this announcement, the Board comprises Mr. Yum Chak Ming, Matthew and Mr. Sung Chee Keung as executive directors; Mr. Hirofumi Hori, Mr. Masashi Nakashima, Ms. Aki Tsuge and Mr. Yam Hon Ming, Tommy as non-executive directors; Mr. Yap, Alfred Donald, Mr. Luk Koon Hoo and Mr. Lo Chi Hong as independent non-executive directors.