UNIVERSE PRINTSHOP HOLDINGS LIMITED
環球印館控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8448)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2018

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Directors") of Universe Printshop Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM 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 announcement 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 announcement misleading.

FINANCIAL HIGHLIGHTS

- The Group's total revenue amounted to approximately HK$142.6 million for the year ended 31 March 2018, representing an increase of 6.5% as compared to that for the year ended 31 March 2017.

- The gross profit margin increased by 1.3% to 24.7% as compared to that for the year ended 31 March 2017.

- The Group recorded a net loss amounting to approximately HK$9.2 million for the year ended 31 March 2018. The loss for the year was mainly due to the recognition of the one-off listing expenses of approximately HK$12.3 million. Excluding the one-off listing expenses, the adjusted profit after tax of the Group would have been HK$3.1 million.

- The Board does not recommend the payment of final dividend for the year ended 31 March 2018.

ANNUAL RESULTS

The board of Directors (the "Board") is pleased to announce the annual results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2018 together with the comparative audited figures for the year ended 31 March 2017. The financial information has been approved by the Board.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Note	**2018** *HK$*	2017 *HK$*
Revenue	*3*	**142,583,126**	133,868,991
Cost of sales		**(107,425,947)**	(102,518,928)
Gross profit		**35,157,179**	31,350,063
Other revenue	*4*	**1,083,028**	1,804,228
Other net income	*4*	**678**	6,476
Selling and administrative expenses		**(44,315,484)**	(28,298,609)
(Loss)/profit from operations		**(8,074,599)**	4,862,158
Finance costs	*5(a)*	**(320,965)**	(346,613)
(Loss)/profit before taxation	*5*	**(8,395,564)**	4,515,545
Income tax	*6*	**(758,312)**	(1,124,974)
(Loss)/profit for the year attributable to equity shareholders of the Company		**(9,153,876)**	3,390,571
(Loss)/earnings per share	*7*		
Basic and diluted (HK cents)		**(0.14)**	0.04

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Note	2018 HK$	2017 HK$
Non-current asset			
Property, plant and equipment		**12,198,052**	16,177,746
Intangible asset		**337,594**	—
Deposits for acquisition of non-current assets		**124,500**	429,511
		12,660,146	16,607,257
Current assets			
Inventories		**5,477,619**	3,262,729
Trade and other receivables	*9*	**14,137,858**	11,504,262
Amounts due from other related parties		**—**	5,106,576
Amounts due from directors		**—**	1,732,618
Amounts due from shareholders		**—**	78,000
Cash and cash equivalents		**68,202,560**	20,993,052
		87,818,037	42,677,237
Current liabilities			
Trade and other payables	*10*	**36,189,667**	22,257,609
Amounts due to related companies		**—**	798,700
Amount due to a director		**—**	1,754,960
Obligations under finance leases		**1,090,581**	887,254
Provision for reinstatement cost		**240,000**	220,000
Current taxation		**1,929,859**	983,050
		39,450,107	26,901,573
Net current assets		**48,367,930**	15,775,664
Total assets less current liabilities		**61,028,076**	32,382,921

	Note	**2018**	2017
		HK$	*HK$*
Non-current liabilities			
Obligations under finance leases		**2,413,253**	2,896,634
Deferred tax liabilities		**963,305**	1,325,139
		3,376,558	4,221,773
NET ASSETS		**57,651,518**	28,161,148
CAPITAL AND RESERVES			
Share capital		**9,000,000**	104,005
Reserves		**48,651,518**	28,057,143
TOTAL EQUITY		**57,651,518**	28,161,148

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

1 STATEMENT OF COMPLIANCE

The annual results set out in this announcement do not constitute the Group's financial statements for the year ended 31 March 2018 but are extracted from those financial statements. The financial statements 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 (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of GEM Listing Rules.

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these impact on the accounting policies of the Group. None of these development 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 applied any new standard or interpretation that is not yet effective for the current accounting period.

2 BASIC OF PREPARATION AND PRESENTATION

Universe Printshop Holdings Limited (the "Company") and its subsidiaries (together, "the Group") are principally engaged in the provision of general printing services and trading of printing products. The Company was incorporated in the Cayman Islands on 27 April 2017 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The consolidated financial statements for the year ended 31 March 2018 comprise the Company and its subsidiaries.

Pursuant to a Group reorganisation completed on 8 June 2017 (the "Reorganisation"), the Company became the holding company of the companies now comprising the Group. Prior to the incorporation of the Company, the above-mentioned principal activities were carried out by Universe Printshop Limited, which is incorporated in the Cayman Islands, and its subsidiaries. To rationalise the corporate structure in preparation of the listing of the Company's shares on GEM of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Group underwent the Reorganisation and became the holding company of the companies now comprising the Group. Details of the Reorganisation are set out in the prospectus of the Company dated 13 March 2018.

The Reorganisation only involved inserting the Company, a newly formed entity with no substantive operations, as the new holding company of Universe Printshop Limited and has not resulted in any changes in economic substance of the Group. Accordingly, the Reorganisation has been accounted for using a principle similar to that for a reverse acquisition, with Universe Printshop Limited treated as the acquirer for accounting purposes.

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement of the Group include the results of operations of the Company and its subsidiaries for 2016 as if the Reorganisation was completed at 1 April 2016. The consolidated statement of financial position of the Group as at 31 March 2017 has been prepared to present the financial position of the Company and its subsidiaries as if the entities now comprising the Group had been consolidated as at that date.

The shares of the Company were listed on GEM on 28 March 2018. On the same date, 674,986,666 of the Company's new shares were issued through capitalisation of $6,749,867 standing to the credit of share premium account of the Company ("Capitalisation Issue"). Further, 225,000,000 shares of the Company were issued at a price of $0.23 per share ("Share Offer").

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are the provision of general printing services and trading of printing products.

The amount of each significant category of revenue is as follows:

	2018	2017
	HK$	*HK$*
Offset printing	**107,751,418**	104,048,405
Toner-based digital printing	**9,722,825**	8,254,847
Ink-jet printing	**18,304,134**	13,988,302
Other services	**6,804,749**	7,577,437
	142,583,126	133,868,991

The Group's customer base is diversified with no customer with whom transactions have exceeded 10% of the Group's revenue.

Further details regarding the Group's principal activities are disclosed below:

(b) Segment reporting

The Group manages its business by business line. In a manner consistent with the way the information is reported internally to the Group's senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following reporting segments:

Offset printing

The offset printing business is involved in the manufacturing and trading of printing products using the offset printing method. These products are either manufactured in the Group's manufacturing facilities located in Hong Kong or outsourced to external sub-contractors for processing.

Toner-based digital printing

The toner-based digital printing business is involved in the manufacturing and trading of printing products using the toner-based digital printing method. These products are manufactured in the Group's manufacturing facilities located in Hong Kong.

Ink-jet printing

The ink-jet printing business is involved in the manufacturing and trading of printing products using the ink-jet printing method. These products are manufactured in the Group's manufacturing facilities located in Hong Kong or outsourced to external sub-contractors for processing.

Other services

Other services comprise miscellaneous services including the production of printing-related products such as pre-ink stamp making, the processes of which require the use of special equipment. Such services were largely sub-contracted to external sub-contractors. The revenue from these services is below the quantitative threshold for determining a reportable segment.

(i) ***Segment results, assets and liabilities***

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment assets include all tangible assets and current assets with the exception of other corporate assets. Segment liabilities include trade payables and accruals attributable to the manufacturing sales activities of the individual segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Assistance provided by one segment to another, including sharing of assets, is not measured.

The measure used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including investment income and "depreciation and amortisation" is regarded as including impairment losses on non-current assets. To arrive at the adjusted EBITDA, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' and auditor's remuneration and other head office or corporate administrative costs.

In addition to receiving segment information concerning the adjusted EBITDA, management is provided with segment information concerning revenue, interest income and expense from cash balances, depreciation and additions to non-current segment assets used by the segments in their operations.

Information regarding the Group's reporting segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 March 2018 and 31 March 2017 is set out below:

	Offset printing		Digital printing		Ink-jet printing		Other services		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Revenue from external customers	**107,751,418**	104,048,405	**9,722,825**	8,254,847	**18,304,134**	13,988,302	**6,804,749**	7,577,437	**142,583,126**	133,868,991
Inter-segment revenue	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—
Reportable segment revenue	**107,751,418**	104,048,405	**9,722,825**	8,254,847	**18,304,134**	13,988,302	**6,804,749**	7,577,437	**142,583,126**	133,868,991
Reportable segment profit	**10,514,966**	6,086,093	**2,494,013**	1,848,422	**1,782,410**	2,297,624	**869,299**	909,312	**15,660,688**	11,141,451
Finance costs	**—**	—	**289,578**	346,613	**—**	—	**—**	—	**289,578**	346,613
Depreciation for the year	**3,533,306**	4,933,984	**947,108**	941,887	**18,889**	4,800	**—**	—	**4,449,303**	5,880,671
Reportable segment assets	**24,570,647**	23,998,426	**2,170,752**	2,823,443	**2,715,300**	952,833	**677,759**	683,648	**30,134,458**	28,458,350
Additions to non-current segment assets during the year	**—**	380,776	**—**	923,000	**170,000**	—	**—**	—	**170,000**	1,303,776
Reportable segment liabilities	**17,951,530**	16,505,471	**4,273,558**	4,351,412	**2,866,239**	1,154,700	**842,169**	1,195,461	**25,933,496**	23,207,044

(ii) ***Reconciliation of reportable segment revenues, profit or loss, assets and liabilities***

	2018	2017
	HK$	*HK$*
Revenue		
Reportable segment revenue	**142,583,126**	133,868,991
Elimination of inter-segment revenue	**—**	—
Consolidated revenue	**142,583,126**	133,868,991
Profit		
Reportable segment profit	**15,660,688**	11,141,451
Elimination of inter-segment revenue	**—**	—
Reportable segment profit derived from Group's external customers	**15,660,688**	11,141,451
Other revenue and net income	**31,966**	814,909
Finance costs	**(31,387)**	—
Depreciation and amortisation of corporate assets	**(594,997)**	(254,135)
Unallocated office and corporate expenses	**(23,461,834)**	(7,186,680)
Consolidated (loss)/profit before taxation	**(8,395,564)**	4,515,545

	2018	2017
	HK$	*HK$*
Assets		
Reportable segment assets	**30,134,458**	28,458,350
Elimination of inter-segment receivables	**—**	—
	30,134,458	28,458,350
Unallocated head office and corporate assets	**70,343,725**	30,826,144
Consolidated total assets	**100,478,183**	59,284,494
Liabilities		
Reportable segment liabilities	**25,933,496**	23,207,044
Elimination of inter-segment payables	**—**	—
	25,933,496	23,207,044
Current taxation	**1,929,859**	983,050
Deferred tax liabilities	**963,305**	1,325,139
Unallocated head office and corporate liabilities	**14,000,005**	5,608,113
Consolidated total liabilities	**42,826,665**	31,123,346

Geographic information

The Group's revenue is solely derived from external customers based in Hong Kong, which is the location at which the goods were delivered. The Group's non-current assets were located in Hong Kong as at 31 March 2017 and 2018.

4 OTHER REVENUE AND NET INCOME

	2018	2017
	HK$	*HK$*
Other revenue		
Interest income	**370**	721
Scrap sale income	**1,051,740**	963,795
Rental income	**—**	216,000
Commission income	**—**	500,000
Sundry income	**30,918**	123,712
	1,083,028	1,804,228
Other net income		
Net exchange gain	**678**	726
Gain on disposal of property, plant and equipment	**—**	5,750
	678	6,476

5 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging:

		2018	2017
		HK$	*HK$*
(a)	**Finance costs**		
	Finance charges on obligations under finance leases	**320,965**	346,613
(b)	**Staff costs (including directors' remuneration)#**		
	Contributions to defined contribution retirement plans	**1,373,800**	1,138,547
	Salaries, wages and other benefits	**28,641,651**	25,918,775
		30,015,451	27,057,322
(c)	**Other items**		
	Auditors' remuneration	**840,000**	235,000
	Cost of inventories	**107,425,947**	102,518,928
	Depreciation	**5,041,003**	6,134,806
	Amortisation	**53,297**	—
	Listing expense	**12,302,092**	2,154,405
	Operating lease charges: minimum leases payments	**8,740,806**	8,616,678
	Impairment loss recognised on trade receivables *(note 9(b))*	**200,420**	—

Cost of inventories includes HK$15,555,277 (2017: HK$16,761,294) relating to staff costs and depreciation expense, which amount is also included in the respective total amounts disclosed separately above or in note 5(b) for each of these types of expenses.

6 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Taxation in the consolidated statements of profit or loss and other comprehensive income represents:

	2018 *HK$*	2017 *HK$*
Current tax		
Provision for Hong Kong Profits Tax for the year	**1,150,197**	780,310
Over-provision in respect of prior years	**(30,051)**	—
	1,120,146	780,310
Deferred tax		
Origination and reversal of temporary differences	**(361,834)**	344,664
	758,312	1,124,974

Notes:

(i) Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

(ii) The provision for Hong Kong Profits Tax is calculated at 16.5% (2017: 16.5%) of the estimated assessable profits for the year.

7 (LOSS)/EARNINGS PER SHARE

(a) *Basic (loss)/earnings per share*

The calculation of basic (loss)/earnings per share was based on the loss attributable to ordinary equity shareholders of the Company of HK$9,153,876 (2017: profit attributable to ordinary equity shareholders of the Company of HK$3,390,571) and 677,466,000 ordinary shares (2017: 675,000,000 ordinary shares) on the assumption that the Reorganisation and the Capitalisation Issue (details as disclosed in note 2) had been effective on 1 April 2016.

(b) *Diluted (loss)/earnings per share*

The diluted earnings per share is the same as the basic earnings per share as the Group did not have dilutive potential ordinary shares for both years.

8 DIVIDEND

The Board does not recommend the payment of a dividend for the year ended 31 March 2018 (2017: Nil).

9 TRADE AND OTHER RECEIVABLES

	2018	2017
	HK$	*HK$*
Trade receivables	**12,580,926**	9,059,196
Less: allowance for doubtful debts *(note 9(b))*	**(200,420)**	(53,798)
	12,380,506	9,005,398
Deposits, prepayments and other receivables	**1,757,352**	2,498,864
	14,137,858	11,504,262

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

(a) ***Ageing analysis***

At 31 March 2018, the ageing analysis of trade receivables (which are included in trade and other receivables), based on invoice date and net of allowance for doubtful debts, is as follows:

	2018	2017
	HK$	*HK$*
Within 1 month	**4,713,061**	5,112,335
1 to 2 months	**2,477,648**	1,628,208
2 to 3 months	**1,706,690**	838,664
Over 3 months	**3,483,107**	1,426,191
	12,380,506	9,005,398

Trade receivables are normally due within 30 to 90 days from invoice date.

(b) ***Impairment of trade receivables***

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly.

The movement in allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

	2018	2017
	HK$	*HK$*
At the beginning of the year	**53,798**	53,798
Reversal of impairment loss	**(53,798)**	—
Impairment loss recognised	**200,420**	—
At the end of the year	**200,420**	53,798

At 31 March 2018, the Group's trade receivables of HK$200,420 (2017: HK$53,798) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that none (2017: none) of theses receivables are expected to be recovered. Consequently, the Group recognised specific allowance for doubtful debts of HK$200,420 (2017: HK$53,798). The Group does not hold any collateral over these balances.

(c) ***Trade receivables that are not impaired***

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	2018	2017
	HK$	*HK$*
Neither past due nor impaired	**6,017,884**	6,394,226
Less than 1 month past due	**1,870,944**	979,987
1 to 3 months past due	**2,245,228**	942,043
Over 3 months past due	**2,246,450**	689,142
	6,362,622	2,611,172
	12,380,506	9,005,398

Trade receivables which were neither past due nor impaired related to a range of customers for which there was no recent history of default.

Trade receivables which were past due but not impaired related to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

10 TRADE AND OTHER PAYABLES

	2018	2017
	HK$	*HK$*
Trade payables	**16,387,137**	16,720,894
Accruals	**14,602,345**	2,647,176
Other payables	**18,417**	117,014
Provision for long service payments	**1,699,613**	1,391,050
Receipts in advance from customers	**3,482,155**	1,381,475
	36,189,667	22,257,609

As of the end of the reporting period, the ageing analysis of trade payables based on the invoice date, is as follows:

	2018	2017
	HK$	*HK$*
Within 1 month	**8,088,222**	6,317,429
1 to 2 months	**6,403,406**	7,065,190
2 to 3 months	**1,823,134**	2,867,125
Over 3 months	**72,375**	471,150
	16,387,137	16,720,894

MANAGEMENT DISCUSSION AND ANALYSIS

We believe that the successful listing (the "Listing") of the Company's shares on GEM of the Stock Exchange on 28 March 2018 (the "Listing Date") will assist the implementation of the Group's business strategies as stated in the prospectus of the Company dated 13 March 2018 (the "Prospectus"). The net proceeds from the Share Offer will provide financial resources to the Group to meet and achieve our business strategies which will further strengthen the Group's market position. Moreover, a public listing status will also enhance the Group's corporate profile and assist in reinforcing its brand awareness and market reputation.

Business Review

The Group is principally engaged in providing printing services to the customers in Hong Kong. The printing services of the Group included offset printing, ink-jet printing and toner-based digital printing. Other than printing services, the Group also provided other services to the customers, which included production of other printing-related products such as pre-ink stamps, plastic name-cards, printed eco-bags and printed plastic folders.

For the year ended 31 March 2018 ("FY2018"), the Group's revenue amounted to HK$142.6 million, representing an increase of 6.5% as compared to that for the year ended 31 March 2017 ("FY2017"). The gross profit margin of the Group was increased by 1.3% to 24.7% as compared to that of FY2017. The Group recorded a net loss amounting to HK$9.2 million for FY2018 (FY2017: profit after taxation of HK$3.4 million), which was mainly due to the listing expenses of HK$12.3 million recognised for FY2018. Excluding the one-off listing expenses, the adjusted profit after tax of the Group would have been HK$3.1 million (FY2017: HK$5.5 million).

Outlook

Looking forward, the business printing industry will remain fragmented and competitive in the coming financial year. The market size generated by companies with retail channel as a proportion that of the business printing market in Hong Kong is expected to grow in the coming few years. To maintain our market share amid strong competition, the management will continue to build our competitiveness by enhancing our production capability through the purchase of printing machinery and expanding the geographical coverage of our store network.

Financial Review

Revenue

The total revenue of the Group for FY2018 was increased by HK$8.7 million or 6.5% to HK$142.6 million as compared to that of FY2017. The increase in total revenue was mainly contributed by revenue from offset printing and ink-jet printing. The revenue from offset printing and ink-jet printing increased by HK$3.7 million and HK$4.3 million respectively which were mainly attributable to the increase in average revenue per order for offset printing and the increase in overall demand of ink-jet printing.

Costs of sales

The cost of sales primarily consists of raw material cost, sub-contracting fee, manufacturing overhead and staff costs. The total cost of sales increased from HK$102.5 million for FY2017 to HK$107.4 million for FY2018, which is consistent with the growth of business and increase in revenue of the Group. Raw material cost and sub-contracting fee together accounted for 74.2% and 72.9% of our total cost of sales for FY2018 and FY2017, respectively.

Gross profit and gross profit margin

The gross profit of the Group was HK$35.2 million and HK$31.4 million for FY2018 and FY2017, respectively. The gross profit margin was increased from 23.4% to 24.7%. The increase was primarily due to the decrease in depreciation expenses amounting to HK$1.2 million as one of the offset printers was fully depreciated in FY2017.

Other revenue

The other revenue of the Group was HK$1.1 million and HK$1.8 million for FY2018 and FY2017, respectively. The decrease was primarily due to the lack of commission income for FY2018 as compared to FY2017.

Selling and administrative expenses

Selling and administrative expenses primarily comprise staff costs (including directors' remuneration), rents and rates, depreciation, repair and maintenance, telecommunication expenses, utilities expenses, bank charges and other miscellaneous administrative expenses.

The selling and administrative expenses amounted to HK$44.3 million for FY2018, which represented an increase of HK$16.0 million as compared to that of HK$28.3 million for FY2017. The increase in selling and administrative expenses was mainly attributable to the listing expenses recognised in the consolidated income statement of HK$12.3 million and the increase in staff cost of HK$3.0 million.

Finance costs

Finance costs represents the finance charges on obligations under finance lease. The finance costs of the Group slightly decreased from HK$346,613 for FY2017 to HK$320,965 for FY2018.

Loss for the year and attributable to owners of the Company

The Group recorded a loss for the year and attributable to equity shareholders of the Company amounting to HK$9.2 million for FY2018, while the Group generated a profit amounted to HK$3.4 million for FY2017. The loss was mainly affected by the listing expenses of HK$12.3 million recognised for FY2018.

Inventories

The inventory balance of the Group consisted of (i) raw materials, such as paper, zinc printing plates and ink, (ii) work-in-progress, (iii) finished goods and (iv) consumables stores, which mainly represented parts for the repair and maintenance of offset printing press. The inventory balance of the Group increased to HK$5.5 million as at 31 March 2018 from HK$3.3 million as at 31 March 2017. This is mainly due to the fact that while most of the retail stores of the Group were closed, the production site of the Group was still in operation during the Easter holidays, which took place from 30 March to 2 April 2018, which led to an increase in work in progress and finished goods that was kept by the Group as at 31 March 2018.

Trade and other receivables

The trade and other receivables of the Group increased from HK$11.5 million as at 31 March 2017 to HK$14.1 million as at 31 March 2018 which was primarily due to the increase in trade receivables. The trade receivables (net of allowance for doubtful debts) of the Group increased from HK$9.0 million as at 31 March 2017 to HK$12.4 million as at 31 March 2018. The increase was mainly due to an increase in sales and the fact that certain of our credit customers took a longer time to settle their balances due to the Group.

Amounts due from/(to) shareholders/directors/related parties

All amounts due from/(to) shareholders/directors/related parties brought forward had been fully settled prior to the Listing.

Cash and cash equivalents

The cash and cash equivalents of the Group significantly increased from HK$21.0 million as at 31 March 2017 to HK$68.2 million as at 31 March 2018. The increase is mainly due to the proceeds raised from the Listing and the net cash generated from operating activity during the year.

Trade and other payables

The trade and other payables of the Group increased from HK$22.3 million as at 31 March 2017 to HK$36.2 million as at 31 March 2018. The increase is mainly due to the listing expenses payable as at 31 March 2018 amounting to HK$10.2 million.

Tax payables

The tax payables of the Group increased from HK$0.9 million as at 31 March 2017 to HK$1.9 million as at 31 March 2018. As at 31 March 2018, the notice of assessment from the Hong Kong Inland Revenue Department ("HKIRD") in respect of the year of assessment 2015/2016 and 2016/17 for two subsidiaries of the Group, namely Print Shop Limited and Universe Printing Holdings Limited, had yet to be received by the Group. The total profits tax payables in respect of the year of assessment 2015/16 and 2016/17 accounted for HK$0.8 million of the total tax payables balance. Subject to assessment process of HKIRD, the tax payable in respect of the year of assessment 2015/2016 and 2016/17 is expected to be settled in the coming financial year.

Liquidity, financial resources and capital structure

As at 31 March 2018, the Group had net current assets of HK$48.4 million (2017: HK$15.8 million), of which the cash and cash equivalents were approximately HK$68.2 million (FY2017:HK$21.0 million). The Group's current ratio is 2.23 (FY2017: 1.59).

Total obligations under finance lease for the Group amounted to HK$3.5 million as at 31 March 2018 (FY2017: HK$3.8 million). The gearing ratio as at 31 March 2018 was 0.06 (FY2017: 0.13) which is calculated on the basis of the Group's total obligations under finance lease over the total equity. As at 31 March 2018, obligations under finance lease in the amounts of HK$1.1 million are due within one year while the amounts of HK$2.4 million are due after one year.

The Group's shares were successfully listed on GEM on 28 March 2018. There has been no change in the capital structure of the Group since the Listing Date and up to the date of this report.

Dividends

The Board does not recommend the payment of a final dividend for the year ended 31 March 2018 (FY2017: nil).

Capital Commitments

As at 31 March 2018, the Group had capital commitments of HK$0.1 million for acquisition of accounting software. As at 31 March 2017, the Group had capital commitments representing acquisition of motor vehicle contracted but not provided for of HK$0.7 million.

Significant Investments Held

The Group did not hold any significant investment in equity interest in any other company during FY2018.

Material Acquisitions

The Group did not have any material acquisition or disposal of associates, joint ventures or subsidiaries during FY2018.

Foreign currency exposure

Since the Group's business activities are solely operated in Hong Kong and mainly denominated in Hong Kong dollars, the Directors consider that the Group's risk in foreign exchange is insignificant.

Charge of Assets

As at 31 March 2018 and 2017, certain property, plant and equipment of the Group with a carrying value of HK$3.1 million and HK$2.0 million respectively, were held under finance leases.

Contingent Liabilities

The Group had no material contingent liabilities as at 31 March 2018.

Use of Proceeds

On 28 March 2018, the Company's shares were listed on GEM and 225,000,000 new shares of HK$0.01 each were issued at HK$0.23. The net proceeds from the IPO was HK$24.2 million after payment of transaction cost and listing expenses. As at 31 March 2018, the net proceeds from the Listing had not been utilised given short duration in between the Listing Date and the financial year end. The Company will utilize the net proceeds in such manners and proportions as disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus. As disclosed in the Prospectus, the net proceeds will be applied for (i) the purchase of a five–colour offset press; (ii) the purchase of a hybrid printer; (iii) the expansion of geographical coverage of our store network; and (iv) the upgrade of our information technology systems. Currently, the Group held the unutilised net proceeds as deposit with licensed institutions in Hong Kong.

Employees and Emolument Policies

As of 31 March 2018, the Group employed 133 (FY2017: 135) full time employees in Hong Kong. The staff costs of the Group, including directors' emoluments, employees' salaries, retirement benefits schemes contributions and other benefits amounted to HK$30.0 million (FY2017: HK$27.1 million).

Employees are remunerated in accordance with individual's responsibility and performance, also taking into account the prevailing market rates to ensure competitiveness. Other fringe benefits such as retirement benefits and discretionary bonus are offered to all employees.

Events after the reporting period

The Board is not aware of any events after the reporting period that requires disclosure.

Corporate Governance Code

The Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. The Company's corporate governance practices are based on the principles of good corporate governance as set out in the Corporate Governance Code and Corporate Governance Report in Appendix 15 to the GEM Listing Rules (the "CG Code").

The Company has complied with all applicable code provisions as set out in the CG Code during the period from the Listing Date up to the date of this announcement.

Purchase, Redemption or Sale of the Listed Securities of the Company

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the period from the Listing Date up to the date of this announcement.

Interests of Compliance Adviser

As at 31 March 2018, as notified by the Company's compliance adviser, Ballas Capital Limited (the "Compliance Adviser"), except for the compliance adviser agreement dated 8 June 2017 entered into between the Company and the Compliance Adviser, neither the Compliance Adviser nor its directors, employees or close associates (as defined under the GEM Listing Rules) had any interests in relation to the Company, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained the prescribed public float of not less than 25% of the Company's issue shares as required under the GEM Listing Rules for the period from the Listing Date up to the date of this announcement.

Code of Conduct for Directors' Securities Transactions

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings concerning securities transactions by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Model Code") as its own code governing securities transactions of the Directors. Having made specific enquiry of all the Directors, all of them confirmed that they had fully complied with the required standard of dealings as set out in the Model Code during the Period and up to the date of this announcement.

Pursuant to Rule 5.66 of the Model Code, the Directors have also requested any employee of the Company or director or employee of a subsidiary of the Company who, because of his office or employment in the Company or a subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in securities of the Company when he would be prohibited from dealing by the Model Code as if he were a Director.

Audit Committee

The Company established the audit committee of the Company (the "Audit Committee") on 26 February 2018 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and the CG Code. The Audit Committee currently consists of all independent non-executive Directors, namely Mr. Chan Chun Kit ("Mr. Chan"), Dr. Sun Yongjing and Mr. Wan Aaron Chi Keung, *BBS, JP*. Mr. Chan is the chairman of the Audit Committee.

The Group's annual results for the year ended 31 March 2018 have been reviewed by Audit Committee, who is of the opinion that the annual results comply with applicable accounting standards, the requirements under the GEM Listing Rules and other legal requirements, and that adequate disclosures have been made.

Scope of Work of KPMG

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2018 as set out in this preliminary announcement have been agreed by the Group's auditor, KPMG, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagement issued by Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by KPMG on this preliminary announcement.

Annual General Meeting

The annual general meeting ("AGM") of the Company will be held on 22 August 2018. A notice convening the AGM will be published in due course.

Closure of Register of Members

The register of members of the Company will be closed from 17 August 2018 to 22 August 2018, both days inclusive, during which period no transfer of Shares will be registered. For determining the entitlement of members of the Company to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on 16 August 2018 for registration.

Publication of Annual Report

The annual report of the Company for the year ended 31 March 2018 containing all the information required under the GEM Listing Rules will be despatched to the shareholders of the Company and made available on the website of the GEM at www.hkgem.com and the website of the Company at www.uprintshop.hk in due course.

By order of the Board
Universe Printshop Holdings Limited
CHAU Man Keung
Chairman

Hong Kong, 21 June 2018

As at the date of this announcement, the executive Directors are Mr. Chau Man Keung, Mr. Hsu Ching Loi, Mr. Wong Man Hin Joe and Mr. Leung Yuet Cheong and the independent non-executive Directors are Mr. Wan Aaron Chi Keung, BBS, JP, Mr. Chan Chun Kit and Dr. Sun Yongjing.

This announcement will remain on the website of the GEM at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting. This announcement will also be published and remains on the website of the Company at www.uprintshop.hk.