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 2019

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$152.7 million for the year ended 31 March 2019, representing an increase of 7.1% as compared to that for the year ended 31 March 2018.

- The gross profit margin decreased by 6.1% to 18.6% as compared to that for the year ended 31 March 2018.

- The Group recorded a net loss amounting to approximately HK$5.3 million for the year ended 31 March 2019. The loss for the year was mainly due to (i) the decrease in gross profit as a result of the surging paper and subcontracting charge and an one-off and temporary suspension of a production line and (ii) the increase in administrative expenses.

- The Board does not recommend the payment of final dividend for the year ended 31 March 2019.

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 2019 together with the comparative figures for the year ended 31 March 2018. The financial information has been approved by the Board.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Note	2019	2018
		HK$	*HK$*
Revenue	*4*	**152,725,342**	142,583,126
Cost of sales		**(124,389,998)**	(107,425,947)
Gross profit		**28,335,344**	35,157,179
Other income	*5*	**1,378,546**	1,083,028
Other gains or losses	*5*	**153,119**	678
Selling and administrative expenses		**(35,859,859)**	(44,315,484)
Loss from operations		**(5,992,850)**	(8,074,599)
Finance costs	*6(a)*	**(243,747)**	(320,965)
Loss before taxation	*6*	**(6,236,597)**	(8,395,564)
Income tax credit/(expense)	*7*	**901,341**	(758,312)
Loss and total comprehensive income for the year attributable to owners of the Company		**(5,335,256)**	(9,153,876)
		HK cents	*HK cents*
Loss per share	*8*		
Basic and diluted		**(0.59)**	(1.35)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Note	2019 HK$	2018 HK$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**23,383,592**	12,198,052
Intangible assets		**257,649**	337,594
Deposits for acquisition of non-current assets		**124,500**	124,500
Deferred tax assets		**237,413**	—
		24,003,154	12,660,146
Current assets			
Inventories		**3,335,951**	5,477,619
Trade and other receivables, prepayments and deposits	*10*	**14,909,453**	14,137,858
Prepaid tax		**467,014**	—
Cash and cash equivalents		**36,526,379**	68,202,560
		55,238,797	87,818,037
Current liabilities			
Trade and other payables	*11*	**21,453,855**	36,189,667
Contract liabilities		**1,712,175**	—
Obligations under finance leases		**1,186,151**	1,090,581
Provision for reinstatement cost		**220,000**	240,000
Current taxation		**594,945**	1,929,859
		25,167,126	39,450,107
Net current assets		**30,071,671**	48,367,930
Total assets less current liabilities		**54,074,825**	61,028,076

	Note	2019	2018
		HK$	*HK$*
Non-current liabilities			
Obligations under finance leases		**1,371,457**	2,413,253
Deferred tax liabilities		**387,106**	963,305
		1,758,563	3,376,558
Net assets		**52,316,262**	57,651,518
CAPITAL AND RESERVES			
Share capital		**9,000,000**	9,000,000
Reserves		**43,316,262**	48,651,518
Total equity		**52,316,262**	57,651,518

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

1 GENERAL INFORMATION

Universe Printshop Holdings Limited (the "Company") is a public limited company incorporated in the Cayman Islands on 27 April 2017 as an exempted company and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 28 March 2018. The Company was incorporated in the Cayman Islands under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is Office F, 12/F Legend Tower, No. 7 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong. Its controlling shareholder is Mr. Chau Man Keung, who is also an executive director of the Company.

The Company acts as an investment holding company. The subsidiaries of the Company (together, the "Group") are principally engaged in the provision of general printing services and trading of printing products.

2 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 2019 but are extracted from those financial statements. The financial statements have been prepared in accordance with all Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all 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. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited.

3 ADOPTION OF NEW/REVISED HKFRSs — EFFECTIVE 1 APRIL 2018

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations issued by HKICPA, which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 April 2018:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration

Except as described below, the application of these amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 9 Financial Instruments ("HKFRS 9")

(i) ***Classification and measurement of financial instruments***

HKFRS 9 replaces HKAS 39 "Financial Instruments: Recognition and Measurement" ("HKAS 39") for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: (i) classification and measurement; (ii) impairments; and (iii) hedge accounting. The adoption of HKFRS 9 from 1 April 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the consolidated financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at fair value through profit or loss ("FVTPL"), where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain trade receivables (i.e. trade receivables that do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measure a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. A financial asset is classified as: (i) financial assets at amortised cost; (ii) financial assets at fair value through other comprehensive income ("FVOCI"); or (iii) financial assets at FVTPL. The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under HKFRS 9, embedded derivatives are no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so, eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Group's financial assets as at 1 April 2018 composed of trade and other receivables, deposits and cash and bank balances, which were previously classified as loans and receivables and measured at amortised cost under HKAS 39. These financial assets meet the SPPI criterion and it is the Group's business model to hold these financial assets to collect their contractual cash flows. Accordingly, they are classified as financial assets at amortised cost and will continue to be subsequently measured at amortised cost upon the adoption of HKFRS 9.

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 April 2018:

Financial assets	**Original classification under HKAS 39**	**New classification under HKFRS 9**	**Carrying amount as at 1 April 2018 under HKAS 39** *HK$*	**Carrying amount as at 1 April 2018 under HKFRS 9** *HK$*
Trade and other receivables and deposits	Loans and receivables	Financial assets at amortised cost	13,705,795	13,705,795
Cash and bank balances	Loans and receivables	Financial assets at amortised cost	68,202,560	68,202,560

(ii) ***Impairment of financial assets***

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit losses ("ECLs") model". HKFRS 9 requires the Group to recognise loss allowance for ECLs for trade receivables and financial assets at amortised costs earlier than HKAS 39. Cash and bank balances are also subject to ECLs model but the impairment is immaterial for the current period as the counterparties are reputable banks.

Under HKFRS 9, the losses allowances are measured on either of the following bases: (i) 12-month ECLs (these are the ECLs that result from possible default events within the 12 months after the reporting date); and (ii) lifetime ECLs (these are ECLs that result from all possible default events over the expected life of a financial instrument).

Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group measures loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-month ECLs. The 12-month ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the loss allowance will be based on the lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group presumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due; and that default does not occur late than when a financial asset is 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impact of the ECLs model

As mentioned above, the Group applies the simplified approach to measure ECLs which recognises lifetime ECLs for all trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. In addition, the Group applies the 12-month ECLs for other financial assets at amortised cost including other receivables and deposits.

No additional impairment for trade receivables and other financial assets at amortised cost as at 1 April 2018 is recognised as the amount of additional impairment measured under ECLs model is insignificant.

(iii) ***Hedge accounting***

Hedge accounting under HKFRS 9 has no impact on the Group as the Group does not carry any significant hedge transaction.

(iv) ***Transition***

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs requirement, if any, are therefore not reflected in the consolidated statement of financial position as at 31 March 2018, but are recognised in the consolidated statement of financial position on 1 April 2018. This mean that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9, if any, are recognised in accumulated losses and reserves as at 1 April 2018. Accordingly, the information presented for 2018 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39 and thus, certain comparative information may not be comparable to the current period.

The determination of the business model within which a financial asset is held has been made on the basis of the facts and circumstances that existed at the date of initial application of HKFRS 9.

If an investment in a debt investment had low credit risk at the date of initial application of HKFRS 9, then the Group has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15")

HKFRS 15 supersedes HKAS 11 "Construction Contracts", HKAS 18 "Revenue" and related interpretations. HKFRS 15 has established a five steps model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted HKFRS 15 using the cumulative effect method without practical expedients. The Group has recognised the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings at the date of initial application (that is, 1 April 2018). As a result, the financial information presented for 2018 has not been restated.

(i) ***Timing of revenue recognition***

Previously, revenue arising from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers. Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

- When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
- When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced; or
- When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these three situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The Group's contracts with customers for the provision of general printing services and trading of printing products generally include one performance obligation, which is satisfied at a point of time when goods are delivered to and accepted by customers. It is the Group's policy not to accept returns of printed products which have been accepted by customers and no refund is allowed. The adoption of HKFRS 15 does not have a significant impact on the timing and amounts of revenue recognised by the Group from sale of printing products.

(ii) ***Presentation and disclosure requirements***

As required for the consolidated financial statements, the Group disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group has also disclosed information about the relationship between the disclosures of disaggregated revenue and revenue information disclosed for each reportable segment. Refer to note 4 for the disclosure on disaggregated revenue.

The following table summarised the impact of adopting HKFRS 15 on the Group's consolidated statement of financial position as at 31 March 2019:

	HK$ Increase/ (Decrease)
LIABILITIES	
Current liabilities	
Trade and other payables	(1,712,175)
Contract liabilities	1,712,175
Total current liabilities	—
Total liabilities	—

Upon the adoption of HKFRS 15, the Group reclassified these advanced receipts from customers previously included in trade and other payables as contract liabilities.

There was no material impact on the Group's consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 March 2019.

Amendments HKFRS 15 — Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

The adoption of these amendments has no impact on these financial statements as the Group had not previously adopted HKFRS 15 and took up the clarifications in this, its first, year.

4 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:

	2019	2018
	HK$	*HK$*
Revenue from contracts with customers within the scope of HKFRS 15		
Timing of revenue recognition — At a point in time		
— Offset printing	**113,987,736**	107,751,418
— Toner-based digital printing	**9,485,052**	9,722,825
— Ink-jet printing	**23,928,586**	18,304,134
— Other services	**5,323,968**	6,804,749
	152,725,342	142,583,126

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.

(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:

Income and expenses are allocated to the reportable segments with reference to sales or income 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. Segment revenue represents revenue from external customers and there were no inter-segment sales between different segments during the year and in prior year.

Reportable segment profit excludes corporate income and expenses (includes finance costs) from the Group's profit or loss before taxation. Corporate income and expenses are income and expenses incurred by corporate headquarters which are not allocated to the operating segments that mainly included rental expenses of office premises and directors' remuneration. Each of the operating segments is managed separately as the resources requirement of each of them is different.

Segment assets include all tangible assets and current assets with the exception of tax assets, cash and cash equivalents and other corporate assets. Segment liabilities include trade and other payables and accruals, and other liabilities attributable to the business activities of the individual segments.

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 2019 and 31 March 2018 is set out below:

	Offset printing		Digital printing		Ink-jet printing		Other services		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Reportable segment revenue	**113,987,736**	107,751,418	**9,485,052**	9,722,825	**23,928,586**	18,304,134	**5,323,968**	6,804,749	**152,725,342**	142,583,126
Reportable segment profit	**799,664**	10,514,966	**2,522,555**	2,494,013	**1,426,421**	1,782,410	**523,642**	869,299	**5,272,282**	15,660,688
Finance costs	**—**	—	**219,969**	289,578	**—**	—	**—**	—	**219,969**	289,578
Depreciation	**3,539,515**	3,533,306	**532,241**	947,108	**56,668**	18,889	**—**	—	**4,128,424**	4,499,303
Impairment loss recognised/ (Reversal of impairment loss) on trade receivables	**115,847**	188,595	**—**	—	**118,607**	(41,973)	**48,714**	—	**283,168**	146,622
Additions to non-current assets excluding defered tax assets	**13,858,245**	—	**281,000**	—	**—**	170,000	**—**	—	**14,139,245**	170,000
Reportable segment assets at the end of the reporting period	**33,172,548**	24,570,647	**1,570,037**	2,170,752	**2,661,348**	2,715,300	**417,474**	677,759	**37,821,407**	30,134,458
Reportable segment liabilities at the end of the reporting period	**17,575,096**	17,951,530	**3,315,104**	4,273,558	**1,116,357**	2,866,239	**974,355**	842,169	**22,980,912**	25,933,496

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

	2019	2018
	HK$	*HK$*
Profit		
Reportable segment profit	**5,272,282**	15,660,688
Corporate and unallocated income and expenses		
Other income	**310,224**	31,966
Finance costs	**(23,778)**	(31,387)
Depreciation and amortisation	**(796,733)**	(594,997)
Listing expenses	**—**	(12,302,092)
Other office and corporate expenses	**(10,998,592)**	(11,159,742)
Loss before taxation	**(6,236,597)**	(8,395,564)

	2019	2018
	HK$	*HK$*
Assets		
Reportable segment assets	**37,821,407**	30,134,458
Unallocated head office and corporate assets		
Intangible assets	**257,649**	337,594
Prepaid tax and deferred tax assets	**704,427**	—
Cash and cash equivalents	**36,526,379**	68,202,560
Other assets	**3,932,089**	1,803,571
Total assets	**79,241,951**	100,478,183

	2019	2018
	HK$	*HK$*
Liabilities		
Reportable segment liabilities	**22,980,912**	25,933,496
Unallocated head office and corporate liabilities		
Current taxation	**594,945**	1,929,859
Deferred tax liabilities	**387,106**	963,305
Other liabilities	**2,962,726**	14,000,005
Total liabilities	**26,925,689**	42,826,665

(iii) ***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 excluding deferred tax assets were located in Hong Kong as at 31 March 2019 and 2018.

5 OTHER INCOME AND OTHER GAINS OR LOSSES

	2019	2018
	HK$	*HK$*
Other income		
Interest income	**136,442**	370
Scrap sale income	**1,068,322**	1,051,740
Sundry income	**173,782**	30,918
	1,378,546	1,083,028
Other gains or losses		
Net exchange gain	**102,286**	678
Gain on disposal of property, plant and equipment	**50,833**	—
	153,119	678

6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	2019	2018
	HK$	*HK$*
(a) Finance costs		
Finance charges on obligations under finance leases	**243,747**	320,965
(b) Staff costs (including directors' remuneration)#		
Contributions to defined contribution retirement plans	**1,362,249**	1,373,800
Salaries, wages and other benefits	**31,257,786**	28,641,651
	32,620,035	30,015,451

	2019	2018
	HK$	*HK$*
(c) Other items		
Auditors' remuneration	**430,000**	840,000
Cost of inventories recognised as expense#	**124,389,998**	107,425,947
Depreciation#	**4,845,212**	5,041,003
Amortisation	**79,945**	53,297
Listing expense	**—**	12,302,092
Operating lease charges: minimum leases payments	**9,095,524**	8,740,806
Impairment loss recognised on trade receivables	**283,168**	146,622

\# Cost of inventories included an amount of HK$15,394,782 (2018: HK$15,555,277) relating to staff costs and depreciation expense.

7 INCOME TAX (CREDIT)/EXPENSE

Income tax (credit)/expense in the consolidated statements of comprehensive income represents:

	2019	2018
	HK$	*HK$*
Current tax		
Hong Kong Profits Tax for the year	**31,599**	1,150,197
Over-provision in respect of prior years	**(119,328)**	(30,051)
	(87,729)	1,120,146
Deferred tax		
Credited to profit or loss	**(813,612)**	(361,834)
	(901,341)	758,312

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

The provision for Hong Kong Profits Tax is calculated at 16.5% (2018: 16.5%) of the estimated assessable profits for the year. On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax regime, the first HK$2 million of profits of qualifying entities will be taxed at 8.25% whereas profits above HK$2 million will be taxed at 16.5%. The profits of entities not qualifying for the two-tiered tax rates regime will continue to be taxed at a flat rate of 16.5%. The two-tiered profits tax rates regime is applicable to a nominated qualifying entity in the Group for its annual reporting period beginning on 1 April 2018.

Reconciliation between income tax (credit)/expense and accounting loss at applicable tax rates is as follows:

	2019	2018
	HK$	*HK$*
Loss before taxation	**(6,236,597)**	(8,395,564)
Notional tax on loss before taxation, calculated at applicable tax rates	**(1,083,478)**	(1,385,268)
Tax effect of non-deductible expenses	**401,809**	2,160,934
Tax effect of non-taxable income	**(22,454)**	(61)
Over-provision in respect of prior years	**(119,328)**	(30,051)
Others	**(77,890)**	12,758
Income tax (credit)/expense	**(901,341)**	758,312

8 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share was based on the loss attributable to owners of the Company of HK$5,335,256 (2018: HK$9,153,876) and the weighted average of 900,000,000 ordinary shares (2018: 677,466,000 ordinary shares) in issue during the year.

Weighted average number of ordinary shares

	2019	2018
	'000	*'000*
Reorganisation and capitalisation Issue	**675,000**	675,000
Effect of share offer on 28 March 2018	**225,000**	2,466
Weighted average number of ordinary shares at 31 March	**900,000**	677,466

(b) Diluted loss per share

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

9 DIVIDEND

The Board does not recommend the payment of a dividend for the year ended 31 March 2019 (2018: Nil).

10 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2019	2018
	HK$	*HK$*
Trade receivables	**12,175,074**	12,580,926
Less: Loss allowance	**(483,588)**	(200,420)
	11,691,486	12,380,506
Other receivables, prepayments and deposits	**3,217,967**	1,757,352
	14,909,453	14,137,858

(a) Ageing analysis

At 31 March 2019, the ageing analysis of trade receivables, based on invoice date and net of allowance for doubtful debts, is as follows:

	2019	2018
	HK$	*HK$*
Within 1 month	**5,079,009**	4,713,061
1 to 2 months	**2,919,624**	2,477,648
2 to 3 months	**1,860,726**	1,706,690
Over 3 months	**1,832,127**	3,483,107
	11,691,486	12,380,506

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 loss allowance for trade receivables during the year, including both specific and collective loss components, are as follows:

	2019	2018
	HK$	*HK$*
At the beginning of the year	**200,420**	53,798
Reversal of impairment loss	**—**	(53,798)
Impairment loss recognised	**283,168**	200,420
At the end of the year	**483,588**	200,420

The Group measures impairment provision for trade receivables at the amount equal to lifetime ECL.

(c) Trade receivables that are not impaired

Prior to 1 April 2018, an impairment loss was recognised only when there was objective evidence of impairment. At 31 March 2018, trade receivables of HK$200,420 was determined to be impaired. The ageing analysis of trade debtors that were not considered to be impaired was as follows:

	2018
	HK$
Neither past due nor impaired	6,017,884
Less than 1 month past due	1,870,944
1 to 3 months past due	2,245,228
Over 3 months past due	2,246,450
	6,362,622
	12,380,506

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.

The other classes within trade and other receivables, prepayments and deposits do not contain impaired assets.

11 TRADE AND OTHER PAYABLES

	2019	2018
	HK$	*HK$*
Trade payables	**16,052,301**	16,387,137
Accruals	**3,306,981**	14,602,345
Other payables	**42,870**	18,417
Provision for long service payments	**2,051,703**	1,699,613
Receipts in advance from customers	**—**	3,482,155
	21,453,855	36,189,667

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

	2019	2018
	HK$	*HK$*
Within 1 month	**10,931,206**	8,088,222
1 to 2 months	**3,513,593**	6,403,406
2 to 3 months	**1,589,266**	1,823,134
Over 3 months	**18,236**	72,375
	16,052,301	16,387,137

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is principally engaged in providing printing services to 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 customers, which included production of other printing-related products such as pre-ink stamps, plastic name-cards, printed eco-bags and printed plastic folders.

The Group recorded revenue of approximately HK$152.7 million for the year ended 31 March 2019 (“FY2019”), representing an increase of approximately 7.1% as compared to the revenue of approximately HK$142.6 million for the year ended 31 March 2018 (“FY2018”). The Group achieved an increase in revenue as a result of an increase in overall demand. The Group’s gross profit margins decreased to approximately 18.6% for FY2019 from approximately 24.7% for FY2018. Such decrease in the Group’s gross profit margins was mainly attributable to (i) the increase in paper prices and subcontracting charges; and (ii) an one-off and temporary interruption in a production line for the setup of and staff training for the newly acquired six-colour offset press during the last quarter of FY2019. For FY2019, the Group recorded a net loss of approximately HK$5.3 million, as compared to a net profit (before listing-related expenses) of HK$3.1 million for FY2018.

Outlook

With keen competition and inflationary pressure on material prices and labour cost, the Group will continue to pay close attention on the market trend and cautiously tighten the control over operating expenses by ongoing review on the operation model to maintain our profitability and competitiveness in the market. The market size generated by companies with retail channel as a proportion of the business printing market in Hong Kong is expected to grow in the coming few years. Furthermore, the Group plans to (i) further develop its non-store sales by arranging more sales staff to promote our printing service to and serve its credit customers; (ii) enhance our range of products by use of a newly acquired six-colour offset press as disclosed in the Company’s announcement dated 18 October 2018 in order to improve the Group’s service mix; and (iii) develop non-paper printing products to meet the increasing demand of the market.

Financial Review

Revenue

The total revenue of the Group for FY2019 was increased by HK$10.1 million or 7.1% to HK$152.7 million as compared to HK$142.6 million for FY2018. The increase in total revenue was mainly contributed by the increase in revenue from offset printing and ink-jet printing.

Offset printing continued to account for the largest share of the Group's revenue. It generated HK$114.0 million or 74.6% of the Group's total revenue, an increase of HK$6.2 million or 5.8% as compared to HK$107.8 million in FY2018 which was mainly attributable to the increase in the overall demand for our printing services and the increase in orders that were suited to using the offset printing technology.

The ink-jet printing generated revenues amounting to HK$24.0 million, representing an increase of HK$5.6 million or 30.7% as compared to HK$18.3 million in FY2018 which was mainly attributable to the increase in orders that were suited to using the ink-jet printing technology and the increase in average revenue per order for our ink-jet printing business.

Revenue from toner-based digital printing remained relatively stable in FY2018 and FY2019 amounted to HK$9.7 million and HK$9.5 million and contributed to 6.8% and 6.2% of our Group's total revenue for FY2018 and FY2019, respectively.

Revenue from other services decreased from HK$6.8 million in FY2018 to HK$5.3 million in FY2019. Such decrease was mainly due to the decline in demand for pre-press design services.

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$107.4 million in FY2018 to HK$124.4 million in FY2019, which was mainly attributable to the increase in paper prices and subcontracting charges. The increase in sub-contracting charges were mainly due to the fact that (i) the subcontractors charged us a higher fee as compared to FY2018; and (ii) more printing activities were subcontracted to sub-contractors in FY2019 as compared to FY2018. Raw material cost and subcontracting fee together accounted for 76.5% and 74.2% of our total cost of sales for FY2019 and FY2018, respectively.

Gross profit and gross profit margin

The gross profit of the Group decreased from HK$35.2 million for FY2018 to HK$28.3 million for FY2019. The gross profit margin was decreased from 24.7% to 18.6% mainly due to (i) the increase in paper prices and subcontracting charges; and (ii) an one-off and temporary interruption in a production line for the setup of and staff training for the newly acquired six-colour offset press during the last quarter of FY2019.

Selling and administrative expenses

Selling and administrative expenses primarily comprise staff costs (including directors' remuneration), legal and professional fee, IT development fee, auditors' remuneration, rents and rates, depreciation, repair and maintenance, consultancy fee, utilities expenses, bank charges and other miscellaneous administrative expenses.

The selling and administrative expenses amounted to HK$35.9 million in FY2019, which represented a decrease of HK$8.4 million as compared to HK$44.3 million in FY2018. The listing expenses in relation to the listing of the Company's shares on GEM (the "Listing") on 28 March 2018 recognised for FY2018 was HK$12.3 million. Excluding the listing expenses, the selling and administrative expenses for the FY2019 increased by HK$3.9 million as compared to that for FY2018, which was mainly attributable to (i) increase in staff cost of HK$2.1 million due to salary adjustment; and (ii) increase in expenses for compliance and reporting purposes after the Listing.

Loss for the year and attributable to owners of the Company

For FY2019, the Group recorded a net loss of approximately HK$5.3 million, as compared to a net profit (before listing-related expenses) of HK$3.1 million for FY2018. Such decrease was mainly attributable to (i) the decrease in gross profit as a result of the surging paper prices and subcontracting charges and an one-off and temporary suspension of a production line; and (ii) the increase in administrative expenses. The continuing fierce market competition made it difficult for the Group to pass on the increased costs to customers.

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 decreased to HK$3.3 million as at 31 March 2019 from HK$5.5 million as at 31 March 2018. This is mainly due to the fact that while most of the retail stores of the Group were closed as at 31 March 2018, the production site of the Group was still in operation during the Easter holidays, which took place from 30 March to 2 April 2018, leading to the significant work in progress and finished goods that was kept by the Group as at 31 March 2018. As at 31 March 2019, such situation did not happen as both the retail stores and the production site of the Group were open.

Trade and other receivables

The trade and other receivables of the Group increased from HK$14.1 million as at 31 March 2018 to HK$14.9 million as at 31 March 2019 which was primarily due to the increase in other receivables.

The trade receivables (net of allowance for doubtful debts) of the Group decreased from HK$12.4 million as at 31 March 2018 to HK$11.7 million as at 31 March 2019. The decrease was mainly due to the tightening of credit policies and improved collections on trade receivables.

The other receivables increased to HK$3.2 million as at 31 March 2019 from HK$1.8 million as at 31 March 2018. The increase was mainly due to the deposit paid for a leasehold improvement.

Cash and cash equivalents

The cash and cash equivalents of the Group significantly decreased from HK$68.2 million as at 31 March 2018 to HK$36.5 million as at 31 March 2019. The decrease is mainly due to the settlement of listing expenses and the acquisition of the six-colour offset press during the year.

Trade and other payables

The trade and other payables of the Group decreased from HK$36.2 million as at 31 March 2018 to HK$21.5 million as at 31 March 2019. The decrease is mainly due to the settlement of listing expenses payable as at 31 March 2018 amounting to HK$10.2 million.

Tax payables

The tax payables of the Group decreased from HK$1.9 million as at 31 March 2018 to HK$0.6 million as at 31 March 2019. The decrease is mainly due to the settlement of income tax as at 31 March 2019 amounting to HK$1.7 million.

Liquidity, financial resources and capital structure

As at 31 March 2019, the Group had net current assets of HK$30.1 million (FY2018: HK$48.4 million), of which the cash and cash equivalents were approximately HK$36.5 million (FY2018: HK$68.2 million). The Group's current ratio is 2.19 (FY2018: 2.23).

Total obligations under finance lease for the Group amounted to HK$2.6 million as at 31 March 2019 (FY2018: HK$3.5 million). The gearing ratio as at 31 March 2019 was 0.05 (FY2018: 0.06) which is calculated on the basis of the Group's total obligations under finance lease over the total equity. As at 31 March 2019, obligations under finance lease in the amounts of HK$1.2 million are due within one year while the amounts of HK$1.4 million are due after one year.

There has been no change in the capital structure of the Group for FY2019.

Dividends

The Board does not recommend the payment of a final dividend for the year ended 31 March 2019 (FY2018: nil).

Capital Commitments

As at 31 March 2019, the Group had capital commitments of HK$2.5 million for acquisition of printing system and accounting software. As at 31 March 2018, the Group had capital commitments representing acquisition of accounting software but not provided for of HK$0.1 million.

Significant Investments

There was no significant investments held as at 31 March 2019.

Material Acquisitions and disposals

The Group did not have any material acquisition or disposal of associates, joint ventures or subsidiaries during FY2019.

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 2019 and 2018, certain property, plant and equipment of the Group with a carrying value of HK$0.8 million and HK$1.5 million respectively, were held under finance leases.

Contingent Liabilities

The Group had no material contingent liabilities as at 31 March 2019.

Comparison of Business Objectives with Actual Business Progress

The following is a comparison of the Group's business plan as set out in the prospectus of the Company dated 13 March 2018 (the "Prospectus"), with actual business progress up to 31 March 2019.

Business plan as set in the Prospectus	Progress up to 31 March 2019
Purchase of a five-colour offset press	As disclosed in the announcement of the Company dated 18 October 2018 (the "Announcement"), the Group entered into the purchase agreement for the acquisition of a six-colour offset press. The Group is in the progress of setting up the six-colour offset press. For the detailed reasons for the change in use of proceeds, please refer to the Announcement. As at the date of this announcement, the set up of the six-colour offset press was completed.
Purchase of a hybrid printer	The Group will commence looking for quotations of hybrid printer after the relocation of the digital printing department, which is expected to be completed in 2019.
Expansion of our store network	The Group is in progress of recruiting more experienced staff and identifying suitable location for the operation of the new stores.
Upgrade information technology systems	The Company has commenced trail run of the enterprise resource planning system in the second quarter of 2018. The Group is in the process of upgrading the Company's website.

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 "Share Offer"). The net proceeds from the Share Offer was HK$24.0 million after payment of transaction cost and listing expenses. As disclosed in the Announcement, the Board resolved to reallocate the use of the Share Offer net proceeds for acquiring a six- colour offset press to replace of one of the Group's existing four-colour offset press.

The following table sets forth the status of the use of proceeds from the Share Offer up to 31 March 2019.

	Planned use of the net proceeds as announced on 18 October 2018 (adjusted according to the actual net proceeds received) *HK$ million (approximately)*	**Utilized net proceeds up to 31 March 2019** *HK$ million (approximately)*	**Unutilized net proceeds up to 31 March 2019** *HK$ million (approximately)*
Purchase of a six-colour offset press	10.7	10.7	—
Purchase of a hybrid printer	10.5	—	10.5
Expansion of our store network	1.9	—	1.9
Upgrade information technology systems	0.9	0.6	0.3
Total	24.0	11.3	12.7

The remaining unused net proceeds as at 31 March 2019 were placed as bank balances with licensed banks in Hong Kong and will be applied according to the intended usage stated in the Prospectus.

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

Employees and Emolument Policies

As of 31 March 2019, the Group employed 131 (FY2018: 133) 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$32.6 million (FY2018: HK$30.0 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 FY2019 and up to the date of this announcement.

Purchase, Sale or Redemption of Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during FY2019 and up to the date of this announcement.

Interests of Compliance Adviser

As at 31 March 2019, 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 report, 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 during FY2019 and 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 FY2019 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 2019 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 BDO

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 2019 as set out in this preliminary announcement have been agreed by the Group's auditor, BDO, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by BDO 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 BDO on this preliminary announcement.

Publication of Annual Report

The annual report of the Company for the year ended 31 March 2019 containing all the information required under the GEM Listing Rules will be dispatched 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. If there is any inconsistency between the English version and the Chinese version, the English version shall prevail.

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

Hong Kong, 24 June 2019

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.