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 2020

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$133.4 million for the year ended 31 March 2020, representing a decrease of 12.6% as compared to that for the year ended 31 March 2019.

- The Group recorded a net loss of approximately HK$11.0 million (excluding the impact of a one-off gain on disposal of property, plant and equipment of approximately HK$3.2 million and a one-off impairment loss on property, plant and equipment and right-of-use assets of approximately HK$7.7 million), as compared to a net loss of HK$5.4 million for FY2019. Such decrease was mainly attributable to the decrease in revenue as a result of the worsening economic sentiment in Hong Kong.

- The Board does not recommend the payment of final dividend for the year ended 31 March 2020.

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 2020 together with the comparative figures for the year ended 31 March 2019. The financial information has been approved by the Board.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Note	**2020** *HK$*	2019 *HK$*
Revenue	*4*	**133,428,344**	152,725,342
Cost of sales		**(108,358,978)**	(124,389,998)
Gross profit		**25,069,366**	28,335,344
Other income	*5*	**1,410,863**	1,378,546
Other gains	*5*	**3,249,055**	153,119
Selling and administrative expenses		**(36,837,245)**	(35,859,859)
Impairment loss on property, plant and equipment and right-of-use assets	*6(c)*	**(7,729,648)**	–
Loss from operations		**(14,837,609)**	(5,992,850)
Finance cost	*6(a)*	**(700,315)**	(243,747)
Loss before taxation	*6*	**(15,537,924)**	(6,236,597)
Income tax credit	*7*	**26,732**	901,341
Loss and total comprehensive income for the year attributable to owners of the Company		**(15,511,192)**	(5,335,256)
		HK cents	*HK cents*
Loss per share	*8*		
Basic and diluted		**(1.72)**	(0.59)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Note	2020 HK$	2019 HK$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	10	**16,554,885**	23,383,592
Right-of-use assets	10	**8,347,746**	–
Intangible assets		**177,704**	257,649
Deposits for acquisition of non-current assets		**208,500**	124,500
Deposits for other non-current assets		**1,753,436**	–
Deferred tax assets		**237,413**	237,413
		27,279,684	24,003,154
Current assets			
Inventories		**3,056,934**	3,335,951
Trade and other receivables, prepayments and deposits	11	**8,982,069**	14,909,453
Prepaid tax		**669,316**	467,014
Cash and cash equivalents		**31,271,913**	36,526,379
		43,980,232	55,238,797
Current liabilities			
Trade and other payables	12	**17,783,794**	21,453,855
Contract liabilities		**1,570,120**	1,712,175
Lease liabilities	13	**7,765,701**	–
Obligations under finance leases		**–**	1,186,151
Provision for reinstatement cost		**200,000**	220,000
Current taxation		**–**	594,945
		27,319,615	25,167,126
Net current assets		**16,660,617**	30,071,671
Total assets less current liabilities		**43,940,301**	54,074,825

	Notes	2020	2019
		HK$	*HK$*
Non-current liabilities			
Lease liabilities	*13*	**6,748,125**	–
Obligations under finance leases		**–**	1,371,457
Deferred tax liabilities		**387,106**	387,106
		7,135,231	1,758,563
Net assets		**36,805,070**	52,316,262
CAPITAL AND RESERVES			
Share capital		**9,000,000**	9,000,000
Reserves		**27,805,070**	43,316,262
Total equity		**36,805,070**	52,316,262

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

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 2020 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 HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs — effective 1 April 2019

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations issued by the HKICPA, which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 April 2019:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features and Negative Compensation
Amendments to HKAS 28	Long-term interests in Associate and Joint Ventures
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3 Business Combinations, HKFRS 11 Joint Arrangements, HKAS 12 Income Taxes, and HKAS 23 Borrowing Costs

The impacts of the adoption of HKFRS 16 *Leases* have been summarised as below. The other new or revised HKFRSs that are effective from 1 April 2019 did not have significant impact on the Group's accounting policies.

HKFRS 16

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 *Leases* ("HKAS 17"), HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases — Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions involving the Legal Form of a Lease*. From a lessee's perspective, almost all leases are recognised in the statement of financial position as right-of-use assets and lease liabilities, with a narrow exception of this principle for leases which the underlying assets are of low value or are determined as short-term leases. From a lessor's perspective, the accounting treatment is substantially unchanged from HKAS 17. Details of HKFRS 16 regarding its new definition of a lease, its impact on the Group's consolidated financial statements and accounting policies and the transition method adopted by the Group as allowed under HKFRS 16 are set out below.

(i) The new definition of a lease

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an assets (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate standalone price of the non-lease components, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

(ii) Accounting as a lessee

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group recognised a right-of-use asset and a lease liability at the commencement date of a lease.

(iii) Transition

The Group has applied HKFRS 16 using the modified retrospective approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of accumulated losses at the date of initial application, i.e. 1 April 2019. The comparative information presented in 2019 has not been restated and continues to be prepared under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The Group has applied the transitional practical expedient to grandfather the previous assessment on leases. The Group has recognised lease liabilities at the date of 1 April 2019 for the leases previously classified as operating leases applying HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at 1 April 2019.

The Group has elected to recognise right-of-use assets at 1 April 2019 for the leases including leases of retail shops, production workshops, car parks and office premises previously classified as operating leases under HKAS 17 at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to those leases recognised in the statement of financial position at 31 March 2019. For all these right-of-use assets, the Group has applied HKAS 36 Impairment of Assets at 1 April 2019 to assess if there was any impairment as on that date.

The Group has also applied the following practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; and (ii) applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with term that will end within this financial year and accounted for those leases as short-term leases.

The Group has also leased machineries and motor vehicles which were previously accounted for as finance leases under HKAS 17. As the Group has elected to adopt the modified retrospective approach over the adoption of HKFRS 16, for the finance leases under HKAS 17, the right-of-use assets and the corresponding lease liabilities at 1 April 2019 were the carrying amount of the lease assets and lease liabilities under HKAS 17 immediately before that date. For those leases, the Group has accounted for the right-of-use assets and the lease liabilities applying HKFRS 16 from 1 April 2019.

Upon adoption of HKFRS 16 on 1 April 2019, the right-of-use assets arising from the above machineries and motor vehicles amounting to HK$835,126 in total were reclassified from property, plant and equipment and presented separately as right-of-use assets whereas the corresponding finance lease liabilities amounting to HK$2,557,608 (classified as to HK$1,186,151 as current liabilities and HK$1,371,457 as non-current liabilities) were reclassified from "Obligations under finance leases" to "Lease liabilities".

(iv) Impact on the adoption of HKFRS 16

The following tables summarised the impact of transition to HKFRS 16 on the consolidated statement of financial position as of 31 March 2019 to that of 1 April 2019:

	As previously reported *HK$*	HKFRS 16 contract capitalisation *HK$*	HKFRS 16 reclassification *HK$*	As restated *HK$*
Assets				
Property, plant and equipment	23,383,592	–	(835,126)	22,548,466
Right-of-use assets	–	8,658,775	835,126	9,493,901
Liabilities				
Obligations under finance lease (current)	1,186,151	–	(1,186,151)	–
Obligations under finance lease (non-current)	1,371,457	–	(1,371,457)	–
Lease liabilities (current)	–	6,678,119	1,186,151	7,864,270
Lease liabilities (non-current)	–	1,980,656	1,371,457	3,352,113

The following reconciliation explains how the operating lease commitments disclosed applying HKAS 17 at the end of 31 March 2019 could be reconciled to the lease liabilities at the date of initial application recognised in the consolidated statement of financial position as at 1 April 2019:

	HK$
Operating lease commitments as of 31 March 2019	10,236,787
Add: Finance lease liabilities as of 31 March 2019	2,557,608
Less: Short-term leases for which lease terms end within the financial year	(1,169,136)
Less: Future interest expenses	(408,876)
Total lease liabilities as of 1 April 2019	11,216,383

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the consolidated statement of financial position as at 1 April 2019 was 6.94%.

(b) New or revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 3	Definition of a Business[1]
Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
Amendments to HKFRS 16	COVID-19-Related Rent Concessions[2]

1 Effective for annual periods beginning on or after 1 January 2020
2 Effective for annual periods beginning on or after 1 June 2020

The directors anticipate that all of the relevant pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. The directors are currently assessing the possible impact of these new or revised standards on the Group's results and financial position in the first year of application. Those new or revised HKFRSs that have been issued but are not yet effective are unlikely to have material impact on the Group's results and financial position upon application.

Amendments to HKFRS 3 Definition of a Business

The amendments clarify that a business must include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs, together with providing extensive guidance on what is meant by a "substantive process".

Additionally, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs, whilst narrowing the definition of "outputs" and a "business" to focus on returns from selling goods and services to customers, rather than on cost reductions. An optional concentration test has also been added that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

Amendments to HKAS 1 and HKAS 8 Definition of Material

The amendments clarify the definition and explanation of "material", aligning the definition across all HKFRS Standards and the Conceptual Framework, and incorporating supporting requirements in HKAS 1 into the definition.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 Interest Rate Benchmark Reform

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

Amendments to HKFRS 16 COVID-19-Related Rent Concessions

The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The resulting accounting will depend on the details of the rent concession.

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:

	2020	2019
	HK$	*HK$*
Revenue from contracts with customers within the scope of HKFRS 15		
Timing of revenue recognition – At a point in time		
– Offset printing	**101,556,811**	113,987,736
– Toner-based digital printing	**8,172,819**	9,485,052
– Ink-jet printing	**18,568,567**	23,928,586
– Other services	**5,130,147**	5,323,968
	133,428,344	152,725,342

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 finance costs and depreciation of corporate assets, professional fees, administrative staff costs 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 including right-of-use assets. Segment liabilities include trade and other payables and accruals, and other liabilities attributable to the business activities of the individual segments, and exclude lease liabilities and tax liabilities.

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 2020 and 31 March 2019 is set out below:

	Offset printing		**Digital printing**		**Ink-jet printing**		**Other services**		**Total**	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Reportable segment revenue	**101,556,811**	113,987,736	**8,172,819**	9,485,052	**18,568,567**	23,928,586	**5,130,147**	5,323,968	**133,428,344**	152,725,342
Reportable segment profit/(loss)	**669,028**	799,664	**(312,965)**	2,522,555	**1,440,418**	1,426,421	**675,550**	523,642	**2,472,031**	5,272,282
Finance cost	**177,091**	–	**152,943**	219,969	**–**	–	**–**	–	**330,034**	219,969
Depreciation	**5,683,349**	3,539,515	**375,145**	532,241	**56,668**	56,668	**–**	–	**6,115,162**	4,128,424
Impairment loss recognised on property, plant and equipment and right-of-use assets *(note 6(c))*	**2,103,337**	–	**2,258,417**	–	**–**	–	**–**	–	**4,361,754**	–
Impairment loss recognised/ (Reversal of impairment loss) on trade receivable	**24,360**	115,847	**166,833**	–	**(7,954)**	118,607	**(31,117)**	48,714	**152,122**	283,168
Additions to non-current assets excluding deferred tax assets	**1,341,603**	13,858,245	**98,800**	281,000	**–**	–	**–**	–	**1,440,403**	14,139,245
Reportable segment assets at the end of the reporting period	**24,286,658**	33,172,548	**479,836**	1,570,037	**1,232,290**	2,661,348	**395,974**	417,474	**26,394,758**	37,821,407
Reportable segment liabilities at the end of the reporting period	**14,553,492**	17,575,096	**3,895,393**	3,315,104	**816,706**	1,116,357	**804,265**	974,355	**20,069,856**	22,980,912

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

	2020 *HK$*	2019 *HK$*
Profit		
Reportable segment profit	**2,472,031**	5,272,282
Corporate and unallocated income and expenses		
Other income	**570,899**	310,224
Finance costs	**(370,281)**	(23,778)
Depreciation and amortisation	**(7,313,105)**	(796,733)
Impairment loss on property, plant and equipment and right-of-use assets *(note 6(c))*	**(3,367,894)**	–
Other office and corporate expenses	**(7,529,574)**	(10,998,592)
Loss before taxation	**(15,537,924)**	(6,236,597)

	2020 *HK$*	2019 *HK$*
Assets		
Reportable segment assets	**26,394,758**	37,821,407
Unallocated head office and corporate assets		
Right-of-use assets	**7,499,568**	–
Intangible assets	**177,704**	257,649
Prepaid tax and deferred tax assets	**906,729**	704,427
Cash and cash equivalents	**31,271,913**	36,526,379
Other assets	**5,009,244**	3,932,089
Total assets	**71,259,916**	79,241,951

	2020 *HK$*	2019 *HK$*
Liabilities		
Reportable segment liabilities	**20,069,856**	22,980,912
Unallocated head office and corporate liabilities		
Lease liabilities	**10,460,015**	–
Current taxation	**–**	594,945
Deferred tax liabilities	**387,106**	387,106
Other liabilities	**3,537,869**	2,962,726
Total liabilities	**34,454,846**	26,925,689

(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 2020 and 2019.

5 OTHER INCOME AND OTHER GAINS

	2020	2019
	HK$	*HK$*
Other income		
Interest income	**387,260**	136,442
Scrap sale income	**839,964**	1,068,322
Sundry income	**183,639**	173,782
	1,410,863	1,378,546
Other gains		
Net exchange gain	**4,885**	102,286
Gain on disposal of property, plant and equipment	**3,192,692**	50,833
Gain on lease modification	**51,478**	–
	3,249,055	153,119

6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

		2020	2019
		HK$	*HK$*
(a)	**Finance cost**		
	Interest on lease liabilities under finance leases	**700,315**	–
	Interest on obligations under finance leases	**–**	243,747
(b)	**Staff costs (including directors' remuneration)#**		
	Salaries, wages and other benefits	**31,492,765**	31,257,786
	Contributions to defined contribution retirement plans	**1,378,904**	1,362,249
		32,871,669	32,620,035
(c)	**Other items**		
	Auditors' remuneration	**430,000**	430,000
	Cost of inventories recognised as expenses#	**108,358,978**	124,389,998
	Depreciation of property, plant and equipment#	**5,608,050**	4,845,212
	Depreciation of right-of-use assets#	**7,740,272**	–
	Impairment loss on property, plant and equipment and right-of-use assets	**7,729,648**	–
	Amortisation	**79,945**	79,945
	Minimum leases payments for operating leases under HKAS 17	**–**	9,095,524
	Short-term leases expense	**2,245,289**	–
	Impairment loss recognised on trade receivables *(note 11(b))*	**152,122**	283,168

Cost of inventories included the amounts of HK$11,314,352, HK$4,718,207 and HK$3,544,407 (2019: HK$11,265,223, HK$4,129,559 and Nil) respectively relating to staff costs, depreciation of property, plant and equipment and depreciation of right-of-use assets, which amounts are also included in the respective total amounts disclosed separately in this note for each of these types of expenses.

7 INCOME TAX CREDIT

Income tax credit in the consolidated statements of comprehensive income represents:

	2020	2019
	HK$	*HK$*
Current tax		
Hong Kong Profits Tax for the year	**–**	31,599
Over-provision in respect of prior years	**(26,732)**	(119,328)
	(26,732)	(87,729)
Deferred tax		
Credited to profit or loss	**–**	(813,612)
	(26,732)	(901,341)

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% (2019: 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.

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$15,511,192 (2019: HK$5,335,256) and the weighted average of 900,000,000 ordinary shares (2019: 900,000,000 ordinary shares) in issue during the year.

(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 2020 (2019: Nil).

10 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Property, plant and equipment

	Leasehold improvements *HK$*	Furniture and equipment *HK$*	Plant and machinery *HK$*	Computer equipment *HK$*	Motor vehicle *HK$*	Total *HK$*
Cost:						
At 1 April 2018	641,110	532,057	27,211,738	464,880	651,000	29,500,785
Additions	1,266,229	136,519	14,139,245	12,339	485,587	16,039,919
Disposals	(46,000)	–	(84,300)	–	–	(130,300)
At 31 March 2019 and 1 April 2019 as originally presented	1,861,339	668,576	41,266,683	477,219	1,136,587	45,410,404
Initial adoption of HKFRS 16 *(note (a))*	–	–	(3,762,906)	–	(651,000)	(4,413,906)
Restated balance at 1 April 2019	**1,861,339**	**668,576**	**37,503,777**	**477,219**	**485,587**	**40,996,498**
Additions	**1,012,604**	**–**	**1,440,403**	**–**	**–**	**2,453,007**
Disposals (note (c))	**(90,000)**	**–**	**(3,170,600)**	**–**	**–**	**(3,260,600)**
At 31 March 2020	**2,783,943**	**668,576**	**35,773,580**	**477,219**	**485,587**	**40,188,905**
Accumulated depreciation and impairment:						
At 1 April 2018	(362,817)	(290,441)	(16,236,317)	(217,858)	(195,300)	(17,302,733)
Charge for the year	(140,388)	(118,928)	(4,128,424)	(109,541)	(347,931)	(4,845,212)
Written back on disposals	36,833	–	84,300	–	–	121,133
At 31 March 2019 and 1 April 2019 as originally presented	(466,372)	(409,369)	(20,280,441)	(327,399)	(543,231)	(22,026,812)
Initial adoption of HKFRS 16 *(note (a))*	–	–	3,188,180	–	390,600	3,578,780
Restated balance at 1 April 2019	**(466,372)**	**(409,369)**	**(17,092,261)**	**(327,399)**	**(152,631)**	**(18,448,032)**
Charge for the year	**(617,730)**	**(105,101)**	**(4,628,348)**	**(95,546)**	**(161,325)**	**(5,608,050)**
Impairment *(note (d))*	**(484,264)**	**(41,697)**	**(2,115,542)**	**(13,764)**	**(46,437)**	**(2,701,704)**
Written back on disposals *(note (c))*	**90,000**	**–**	**3,033,766**	**–**	**–**	**3,123,766**
At 31 March 2020	**(1,478,366)**	**(556,167)**	**(20,802,385)**	**(436,709)**	**(360,393)**	**(23,634,020)**
Net book value:						
At 31 March 2020	**1,305,577**	**112,409**	**14,971,195**	**40,510**	**125,194**	**16,554,885**
At 31 March 2019	1,394,967	259,207	20,986,242	149,820	593,356	23,383,592

Right-of-use assets

	Leased properties *HK$*	Machineries *HK$*	Motor vehicle *HK$*	Total *HK$*
Cost:				
At 31 March 2019 and 1 April 2019 as originally presented	–	–	–	–
Initial adoption of HKFRS 16 *(note (a))*				
Capitalisation of leases	8,658,775	–	–	8,658,775
Transfer from property, plant and equipment	–	3,762,906	651,000	4,413,906
Restated balance at 1 April 2019	**8,658,775**	**3,762,906**	**651,000**	**13,072,681**
Additions	**9,638,115**	**2,488,130**	**–**	**12,126,245**
Effect of lease modification	**(263,103)**	**(923,000)**	**–**	**(1,186,103)**
At 31 March 2020	**18,033,787**	**5,328,036**	**651,000**	**24,012,823**
Accumulated depreciation:				
At 31 March 2019 and 1 April 2019 as originally presented	–	–	–	–
Initial adoption of HKFRS 16 *(note (a))*	–	–	–	–
Transfer from property, plant and equipment	–	(3,188,180)	(390,600)	(3,578,780)
Restated balance at 1 April 2019	**–**	**(3,188,180)**	**(390,600)**	**(3,578,780)**
Charge for the year	**(7,040,017)**	**(504,955)**	**(195,300)**	**(7,740,272)**
Impairment *(note (d))*	**(2,862,137)**	**(2,148,193)**	**(17,614)**	**(5,027,944)**
Effect of lease modification	**128,119**	**553,800**	**–**	**681,919**
At 31 March 2020	**(9,774,035)**	**(5,287,528)**	**(603,514)**	**(15,665,077)**
Net book value:				
At 31 March 2020	**8,259,752**	**40,508**	**47,486**	**8,347,746**
At 31 March 2019	–	–	–	–

Notes:

(a) The Group has entered into lease arrangements for properties (including retail shops, production workshops, car parks and office premises), machineries and motor vehicle for own use and has applied HKFRS 16 since 1 April 2019 in accounting for those leases.

The Group has initially applied HKFRS 16 using the modified retrospective approach and for those leases which existed as at 1 April 2019, the Group adjusted the opening balances at 1 April 2019 to recognise right-of-use assets relating to those leases which were previously classified as operating leases (for properties) and finance leases (for machineries and motor vehicles) under HKAS 17. After initial recognition of right-of-use assets at 1 April 2019, the Group as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated. Further details of the transition to HKFRS 16 are set out in note 3(a). Details about the leases and the corresponding lease liabilities are disclosed in note 13.

(b) As at 31 March 2019, the net carrying amount of the Group's machineries and motor vehicles held under finance leases was HK$835,126 in total.

(c) During the year, the Group disposed of certain plant and machineries with carrying value of HK$136,834 at total considerations of HK$3,329,526, resulting in disposal gain on property, plant and machinery of HK$3,192,692 (2019: HK$50,833).

(d) For the purpose of impairment assessment, cash-generating unit represents each of the operating segments as disclosed in note 4(b) and their property, plant and equipment and right-of-use assets are tested for impairment by the management by estimating the recoverable amount of each of the cash-generating units. Corporate assets are allocated to the operating segments and included as part of the carrying amounts of the operating segments for comparing to their recoverable amounts. The recoverable amounts are determined based on value-in-use calculations, which comprise cash flow projections of each of these cash-generating units prepared based on the financial budgets approved by the management. The period covered by the financial budgets is 5 years.

Based on the result of the impairment assessment, the recoverable amount of the cash-generating unit of offset printing was estimated to be HK$22,371,896, which is lower than its carrying amount by HK$2,981,680, whereas the recoverable amount of the cash-generating unit of digital printing was estimated to insignificant resulting in shortfall by its carrying amount of HK$4,747,968. Accordingly, impairment loss of HK$7,729,648 was recognised for the year ended 31 March 2020 which was mainly due to decrease in expected revenue and deterioration of financial performance over the forecast periods as a result of social unrest and outbreak of COVID-19 during the year.

The key assumptions used by the management in the value-in-use calculations of the cash-generating units of offset printing and digital printing include: (i) sales growth rates ranged from 3.5% to 6.6% for offset printing and 3.5% to 10.3% for digital printing; (ii) gross profit margin is maintained at similar level as have achieved during the current year; and (iii) pre-tax discount rate of 7.2%.

These assumption were determined based on past performance and management's expectations in respect of the market conditions as well as the economy and political changes which have impact on the segment profits. The pre-tax discount rate used reflects the specific risks relate to the business and industry in which this cash-generating units are engaged.

11 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2020	2019
	HK$	*HK$*
Trade receivables	**7,658,664**	12,175,074
Less: Loss allowance *(note (b))*	**(635,710)**	(483,588)
	7,022,954	11,691,486
Other receivables, prepayments and deposits	**1,959,115**	3,217,967
	8,982,069	14,909,453

(a) Ageing analysis

At 31 March 2020, the ageing analysis of trade receivables, based on invoice date and net of allowance for doubtful debts, is as follows:

	2020	2019
	HK$	*HK$*
Within 1 month	**2,728,247**	5,079,009
1 to 2 months	**1,348,312**	2,919,624
2 to 3 months	**886,624**	1,860,726
Over 3 months	**2,059,771**	1,832,127
	7,022,954	11,691,486

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

	2020	2019
	HK$	*HK$*
At the beginning of the year	**483,588**	200,420
Reversal of impairment loss	**(40,434)**	–
Impairment loss recognised	**192,556**	283,168
At the end of the year	**635,710**	483,588

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

12 TRADE AND OTHER PAYABLES

	2020	2019
	HK$	*HK$*
Trade payables	**11,946,253**	16,052,301
Accruals	**3,201,632**	3,306,981
Other payables	**708,974**	42,870
Provision for long service payments	**1,926,935**	2,051,703
	17,783,794	21,453,855

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

	2020	2019
	HK$	*HK$*
Within 1 month	**7,035,440**	10,931,206
1 to 2 months	**3,596,342**	3,513,593
2 to 3 months	**82,364**	1,589,266
Over 3 months	**1,232,107**	18,236
	11,946,253	16,052,301

The movements in provision for long service payments are as follows:

	2020	2019
	HK$	*HK$*
At the beginning of the year	**2,051,703**	1,699,613
(Reversal of provision)/provision for long services payments	**(124,768)**	352,090
At the end of the year	**1,926,935**	2,051,703

According to Part VB of the Hong Kong Employment Ordinance ("the Ordinance"), the Group is liable to make long service payments to employees who are employed under the jurisdiction of the Ordinance and have completed the required number of years of service on termination of their employment, where the termination of employment meets the required circumstances as specified in the Ordinance.

A provision has been made by the Group based on the best estimate of the long service payments that are required to be made to these employees in respect of their service to date, less any amounts that would be expected to be met out of the group's contributions to its defined contribution retirement schemes and mandatory provident funds.

A portion of the above provision is expected to be utilised after more than one year. However, it is not practicable to segregate this amount from the amounts payable within the next year.

13 LEASE LIABILITIES AND OBLIGATIONS UNDER FINANCE LEASES

HKFRS 16 was adopted on 1 April 2019 without restatement of comparative figures. Details of the transitional provision that were applied as at 1 April 2019 are set out in note 3(a).

The Group as leasee

The Group leases retail shops, production workshops, office premises, car parks, machineries and motor vehicles for use in its operation. The periodic rent is fixed over the lease term, and the leases are negotiated for an initial period of 1 to 6 years. Some of the leases contain early termination option.

(a) Lease liabilities

The movements of the right-of-use assets of these leases are disclosed in note 10. The movements of lease liabilities in respect of these leases are as follows:

	Leased properties *HK$*	**Machineries** *HK$*	**Motor vehicle** *HK$*	**Total** *HK$*
At 31 March 2019 as originally presented	–	–	–	–
Initial adoption of HKFRS 16 *(note)*	8,658,775	2,205,431	352,177	11,216,383
Restated balance at 1 April 2019	8,658,775	2,205,431	352,177	11,216,383
Additions	9,638,115	2,488,130	–	12,126,245
Disposal	(137,777)	(417,885)	–	(555,662)
Finance cost	382,294	301,852	16,169	700,315
Lease payments	(7,342,046)	(1,484,937)	(146,472)	(8,973,455)
Balance at 31 March 2020	11,199,361	3,092,591	221,874	14,513,826

Future lease payments are due as follows:

	Minimum lease payment *HK$*	**Finance cost** *HK$*	**Present value of minimum lease payments** *HK$*
As at 31 March 2020			
Within 1 year	**8,457,133**	**(691,432)**	**7,765,701**
After 1 year but within 2 years	**5,369,804**	**(301,647)**	**5,068,157**
After 2 years but within 5 years	**1,828,695**	**(148,727)**	**1,679,968**
	15,655,632	**(1,141,806)**	**14,513,826**

	Minimum lease payment *HK$*	Finance cost *HK$*	Present value of minimum lease payments *HK$*
As at 1 April 2019			
Within 1 year	8,400,985	(536,715)	7,864,270
After 1 year but within 2 years	3,246,584	(133,688)	3,112,896
After 2 years but within 5 years	242,324	(3,107)	239,217
	11,889,893	(673,510)	11,216,383

The present value of future lease payments are analysed as follows:

	At 31 March 2020 ***HK$***	At 1 April 2019 *HK$*
Current liabilities	**7,765,701**	7,864,270
Non-current liabilities	**6,748,125**	3,352,113
	14,513,826	11,216,383

Note: The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 April 2019 to recognise lease liabilities relating to lease which was previously classified as operating lease under HKAS 17. In addition, the carrying amount of lease liabilities as at 31 March 2019 relating to lease previously classified as finance lease and included in obligation under finance lease (note (b)) were reclassified to lease liabilities upon initial adoption of HKFRS 16 on 1 April 2019. Further details on the impact of the transition to HKFRS 16 are set out in note 3(a)(iv).

(b) *Obligations under finance leases*

As at 31 March 2019, the Group leased machineries and motor vehicles and the leases were classified as finance lease as at 31 March 2019 under HKAS 17. The lease obligations were secured by the leased assets. Upon initial adoption of HKFRS 16 on 1 April 2019, the carrying amount of the obligations relating to these leases were reclassified to lease liabilities (note (a)).

At 31 March 2019, the Group had obligations under finance leases repayable as follows:

	Present value of the minimum lease payments *HK$*	Total minimum lease payments *HK$*
Within 1 year	1,186,151	1,377,920
After 1 year but within 2 years	1,132,240	1,201,998
After 2 year but within 5 years	239,217	242,324
	1,371,457	1,444,322
	2,557,608	2,822,242
Less: total future interest expenses		(264,634)
Present value of lease obligations		2,557,608

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

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$133.4 million for the year ended 31 March 2020 ("FY2020"), representing a decrease of approximately 12.6% as compared to the revenue of approximately HK$152.7 million for the year ended 31 March 2019 ("FY2019"). For FY2020, the Group recorded a net loss of approximately HK$11.0 million (excluding a one-off gain on disposal of property, plant and equipment of approximately HK$3.2 million and a one-off impairment loss on property, plant and equipment and right-of-use assets of approximately HK$7.7 million), as compared to a net loss of HK$5.4 million for FY2019. 2020 was a challenging year for the Group. The impact of the outbreak of the novel coronavirus ("COVID-19"), economic downturn and uncertainties towards future economic prospects have adversely affected our results of operations. The Board expects such negative impact to persist in near term. As such, two underperformed stores were closed down in FY2020. The Group will continue to take actions to control costs and drive efficiency to maintain our profitability and competitiveness in the market.

Looking forward, in light of the unfavorable economic and market conditions, the Group is exploring market opportunities for horizontal expansion and services diversification. The Group will continue to strengthen its competitive advantages and brand name to increase market share in the industry. As disclosed in the previous announcement dated 23 March 2020, the Group is in negotiation to purchase printing-related machines to achieve manufacturing cost reduction. Meanwhile, the Group is developing a non-paper printing business, such as personalisation services. The Group is seeking to join forces with different designers, vendors, subcontractors and partners to tap into this new business segment to strive for sustainable growth of our business.

Financial Review

Revenue

The total revenue of the Group for FY2020 decreased by HK$19.3 million or 12.6% to HK$133.4 million as compared to HK$152.7 million for FY2019. The decrease in revenue was caused by the decline in the demand for printing services due to the significant reduction in marketing activities. The social unrest since June 2019, together with the outbreak of the novel coronavirus pandemic since January 2020, have worsened the market sentiment in Hong Kong during FY2020. As a result, the Group's customers have reduced their respective marketing activities.

Offset printing continued to account for the largest share of the Group's revenue. It generated HK$101.6 million or 76.1% of the Group's total revenue, a decrease of HK$12.4 million or 10.9% as compared to HK$114.0 million in FY2019 which was mainly attributable to the decrease in the demand of printing services as mentioned above.

Ink-jet printing generated revenues amounting to HK$18.6 million, representing a decrease of HK$5.3 million or 22.2% as compared to HK$23.9 million in FY2019 which was mainly attributable to the decrease in the demand of printing services as mentioned above.

Revenue from toner-based digital printing decreased from HK$9.5 million in FY2019 to HK$8.2 million in FY2020 which was mainly attributable to the decrease in the demand of printing services as mentioned above.

Revenue from other services remained relatively stable in FY2020 and FY2019, amounted to HK$5.1 million and HK$5.3 million and contributed to 3.8% and 3.5% of our Group's total revenue for FY2020 and FY2019, respectively.

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 decreased from HK$124.4 million in FY2019 to HK$108.4 million in FY2020 due to the lower volume of sales orders, which was in tandem with the decline in revenue.

Gross profit and gross profit margin

The gross profit of the Group decreased from HK$28.3 million for FY2019 to HK$25.1 million for FY2020, which was in tandem with the decline in revenue and costs of sales. The gross profit margin remained relatively stable at 18.8% for FY2020 as compared to 18.6% for FY2019.

Other gains

Other gains in FY2020 of approximately HK$3.2 million mainly represent gain on disposal of a four-colour offset press.

Impairment loss on property, plant and equipment and right-of-use assets

The impairment loss mainly represented the impairment on assets (including property, plant and equipment and right-of-use assets) of HK$7.7 million to the recoverable amounts based on the impairment assessment for the year ended 31 March 2020. The value of the impairment loss ascribes to value-in-use valuation basis and was recognised due to decrease in revenue and financial performance over the forecast period as a result fo social unrest and outbreak of COVID-19 during the FY2020.

Finance Cost

The finance costs of the Group increased from HK$0.2 million for FY2019 to HK$0.7 million, which was primarily attributable to the adoption of HKFRS 16 effective from 1 April 2019.

Loss for the year and attributable to owners of the Company

For FY2020, the Group recorded a net loss of approximately HK$11.0 million (excluding the impact of a one-off gain on disposal of property, plant and equipment of approximately HK$3.2 million and a one-off impairment loss on property, plant and equipment and right-of-use assets of approximately HK$7.7 million), as compared to a net loss of HK$5.4 million for FY2019. Such decrease was mainly attributable to the decrease in revenue as a result of the worsening economic sentiment in Hong Kong.

Right-of-use assets, lease liabilities and obligations under finance leases

As at 31 March 2020, right-of-use assets, lease liabilities and obligations under finance leases amounted to HK$8.3 million (31 March 2019: nil), HK$14.5 million (31 March 2019: nil), and nil (31 March 2019: HK$2.6 million), respectively. The change was primarily attributable to the adoption of HKFRS 16 accounting standard effective from 1 April 2019.

Trade and other receivables

The trade and other receivables of the Group decreased from HK$14.9 million as at 31 March 2019 to HK$9.0 million as at 31 March 2020 which was primarily due to the decrease in trade receivables (net of allowance for doubtful debts) of the Group from HK$11.7 million as at 31 March 2019 to HK$7.0 million as at 31 March 2020 as a result of the decline in revenue, the tightening of credit policies and improved collections on trade receivables.

Cash and cash equivalents

The cash and cash equivalents of the Group significantly decreased from HK$36.5 million as at 31 March 2019 to HK$31.3 million as at 31 March 2020, which is mainly resulted from the repayment of lease installments for FY2020.

Trade and other payables

The trade and other payables of the Group decreased from HK$21.5 million as at 31 March 2019 to HK$17.8 million as at 31 March 2020. The decrease is mainly due to the decline in production activities as a result of the decrease in the demand of printing services.

Tax payables

The tax payables of the Group decreased from HK$0.6 million as at 31 March 2019 to nil as at 31 March 2020 as the Group has been operating in a loss position and minimal profits tax is payable.

Liquidity, financial resources and capital structure

As at 31 March 2020, the Group had net current assets of HK$16.7 million (FY2019: HK$30.1 million), of which the cash and cash equivalents were approximately HK$31.3 million (FY2019: HK$36.5 million). The Group's current ratio is 1.61 (FY2019: 2.19).

Total obligations under finance lease for the Group amounted to nil as at 31 March 2020 (FY2019: HK$2.6 million). The gearing ratio as at 31 March 2020 was 0.39 (FY2019: 0.05) which is calculated on the basis of the Group's total obligations under finance lease and lease liabilities over the total equity. As at 31 March 2020, lease liabilities in the amounts of HK$7.8 million are due within one year while the amounts of HK$6.7 million are due after one year. There has been no change in the capital structure of the Group for FY2020.

Dividends

The Board does not recommend the payment of a final dividend for the year ended 31 March 2020 (FY2019: nil).

Capital Commitments

As at 31 March 2020, the Group had capital commitments of HK$4.3 million for acquisition of digital printers and accounting software. As at 31 March 2019, the Group had capital commitments representing acquisition of printing machinery and accounting software but not provided for of HK$2.5 million.

Significant Investments

There was no significant investments held as at 31 March 2020.

Material Acquisitions And Disposals

The Group did not have any material acquisition or disposal of associates, joint ventures or subsidiaries during FY2020.

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 On Assets

As at 31 March 2020, certain machineries and motor vehicle of the Group with a carrying value of HK$87,994 (FY2019: HK$835,126) were held under finance leases.

Contingent Liabilities

The Group had no material contingent liabilities as at 31 March 2020.

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 2020.

Business plan as set in the Prospectus	Progress up to 31 March 2020
Purchase of a five-colour offset press	As disclosed in the announcement of the Company dated 18 October 2018 (the "First Announcement"), the Group entered into the purchase agreement for the acquisition of a six-colour offset press. For the detailed reasons for the change in use of proceeds, please refer to the First Announcement. As at the date of this announcement, the set up of the six-colour offset press was completed.
Purchase of a hybrid printer	As disclosed in the announcement of the Company dated 23 March 2020 (the "Second Announcement"), the Board resolved to reallocate the proceed for other purpose. For the detailed reasons for the change in use of proceeds, please refer to the Second Announcement.
Expansion of our store network	As disclosed in the Second Announcement, the Board resolved to reallocate the proceed for other purpose. For the detailed reasons for the change in use of proceeds, please refer to the Second Announcement.

Business plan as set in the Prospectus	Progress up to 31 March 2020
Lease of four digital printers	As disclosed in the Second Announcement, the Group entered into a finance lease agreement for the lease of four digital printers at a total lease payment of HK$5 million. As of the date of this announcement, the set up of the digital printers was completed.
Purchase of printing related machines	As at 31 March 2020, the Group is in negotiation to purchase approximately HK$1.9 million of printing related machines form an independent third party.
Upgrade information technology systems	As at the date of this announcement, the set up of the Company's website and mobile application was completed.

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. On 18 October 2018, 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 "First Change in UOP").

Details of the revised allocation of the First Change in UOP up to 22 March 2020 are set out as follows:

	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 22 March 2020** *HK$ million (approximately)*	**Unutilized net proceeds up to 22 March 2020** *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	0.9	–
Total	24.0	11.6	12.4

On 23 March 2020, the Board resolved to have a second change the use of net proceeds (the "Second Change in UOP"). Details of the Second Change in UOP up to 31 March 2020 are set out as follows:

	Planned use of the net proceeds as announced on 23 March 2020 (adjusted according to the actual net proceeds received) *HK$ million (approximately)*	**Utilized net proceeds up to 31 March 2020** *HK$ million (approximately)*	**Unutilized net proceeds up to 31 March 2020** *HK$ million (approximately)*
Purchase of a six-colour offset press	10.7	10.7	–
Lease of four digital printers	5.0	–	5.0
Purchase of printing related machines	5.0	–	5.0
Working capital	2.4	2.4	–
Upgrade information technology systems	0.9	0.9	–
Total	24.0	14.0	10.0

The remaining unused net proceeds as at 31 March 2020 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 2020, the Group employed 125 (FY2019: 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$32.9 million (FY2019: HK$32.6 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.

The Group has established a Mandatory Provident Fund Scheme (the "MPF Scheme") for its Hong Kong employees. The assets of the scheme are held separately in funds which are under the control of independent trustees. The retirement benefit scheme contributions charged to profit or loss represent contributions paid or payable by the Group to the scheme at 5% of each of the employees' monthly relevant income capped at HK$30,000 per month. The total costs charged to profit or loss for the year of approximately HK$1.4 million (FY2019: approximately HK$1.4 million) and represented contributions paid or payable to the schemes by the Group in respect of the current accounting period. At the end of the reporting period, there were no forfeited contributions available to reduce future obligations.

Events After The Reporting Period

The outbreak of Novel Coronavirus ("COVID-19") has impact on the global business environment since the beginning of 2020. COVID-19 has resulted in material impacts to the Group mainly from significant decrease in sales orders during the year. Management expects that the financial performance of the Group in 2021 might still be affected to certain extent, which will depend on the new development concerning the global severity of and actions taken to contain the COVID-19 outbreak, that are highly uncertain at the moment. The Group will continue to pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the consolidated financial statements and operation results.

Corporate Governance Practice

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 FY2020 and up to the date of this announcement.

The Board will continue to review and further improve the Company's corporate governance practices and standards, so as to ensure its business activities and decision-making processes are regulated in a proper and prudent manner.

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 FY2020 and up to the date of this announcement.

Interests Of The Compliance Adviser

As at 31 March 2020, 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 during FY2020 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 FY2020 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 2020 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 2020 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 2020 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 of
Universe Printshop Holdings Limited
Chau Man Keung
Chairman and Executive Director

Hong Kong, 24 June 2020

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