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 2021

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$103.1 million for the year ended 31 March 2021, representing a decrease of 22.7% as compared to that for the year ended 31 March 2020.

- The Group recorded a net loss of approximately HK$12.5 million in FY2021 as compared to HK$15.5 million recorded in FY2020. Excluding the impact of one-off items in the respective financial periods, there was a net operating loss of approximately HK$9.4 million recorded in FY2021 as compared to HK$11.0 million in FY2020. The one-off items in FY2021 included a gain on modification of leases for retail shops and machineries of approximately HK$0.9 million (FY2020: HK$51,478), a gain on disposal of property, plant and equipment of approximately HK$4,800 (FY2020: HK$3.2 million), government subsidies of approximately HK$7.8 million (FY2020: nil) and impairment loss on property, plant and equipment and right-of-use assets of approximately HK$11.8 million (FY2020: HK$7.7 million). Such decrease was mainly attributable to the outbreak of the novel coronavirus ("COVID-19") which affects the business and market activities of the Group's customers.

- The Board does not recommend the payment of final dividend for the year ended 31 March 2021.

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 2021 together with the comparative figures for the year ended 31 March 2020. The financial information has been approved by the Board.

The annual results set out in this announcement do not constitute the Group's financial statements for the year ended 31 March 2021 but are extracted from those financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Note	**2021** *HK$*	2020 *HK$*
Revenue	*4*	**103,132,516**	133,428,344
Cost of sales		**(82,834,952)**	(108,358,978)
Gross profit		**20,297,564**	25,069,366
Other income	*5*	**8,778,429**	1,410,863
Other gains	*5*	**919,523**	3,249,055
Selling and administrative expenses		**(30,701,809)**	(36,837,245)
Impairment loss on property, plant and equipment and right-of-use assets	*10*	**(11,833,694)**	(7,729,648)
Loss from operations		**(12,539,987)**	(14,837,609)
Finance cost	*6(a)*	**(942,792)**	(700,315)
Loss before taxation	*6*	**(13,482,779)**	(15,537,924)
Income tax credit	*7*	**946,463**	26,732
Loss and total comprehensive income for the year attributable to owners of the Company		**(12,536,316)**	(15,511,192)
		HK cents	*HK cents*
Loss per share	*8*		
Basic and diluted		**(1.39)**	(1.72)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Note	2021	2020
		HK$	*HK$*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*10*	**8,862,198**	16,554,885
Right-of-use assets	*10*	**7,379,343**	8,347,746
Intangible assets		**120,771**	177,704
Deposits paid		**1,673,436**	1,961,936
Deferred tax assets		**804,220**	237,413
		18,839,968	27,279,684
Current assets			
Inventories		**2,680,541**	3,056,934
Trade and other receivables, prepayments and deposits	*11*	**8,812,267**	8,982,069
Prepaid tax		**661,963**	669,316
Cash and cash equivalents		**23,645,769**	31,271,913
		35,800,540	43,980,232
Current liabilities			
Trade and other payables	*12*	**14,911,848**	17,783,794
Contract liabilities		**2,037,522**	1,570,120
Lease liabilities	*13*	**7,859,263**	7,765,701
Provision for reinstatement cost		**150,000**	200,000
		24,958,633	27,319,615
Net current assets		**10,841,907**	16,660,617
Total assets less current liabilities		**29,681,875**	43,940,301

	Note	2021	2020
		HK$	*HK$*
Non-current liabilities			
Lease liabilities	*13*	**5,413,024**	6,748,125
Deferred tax liabilities		**97**	387,106
		5,413,121	7,135,231
Net assets		**24,268,754**	36,805,070
CAPITAL AND RESERVES			
Share capital		**9,000,000**	9,000,000
Reserves		**15,268,754**	27,805,070
Total equity		**24,268,754**	36,805,070

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

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

These 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 ("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.

3 ADOPTION OF HKFRSs

(a) Adoption of new/revised HKFRSs — effective 1 April 2020

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 2020:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Interest Rate Benchmark Reform

The adoption of the above new or amended HKFRSs that are effective from 1 April 2020 did not have any significant impact on the Group's accounting policies or financial results and financial position. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period except for the amendments to HKFRS 16 regarding Covid-19-related rent concessions. Impact on the application of these amendments to HKFRS 16 is summarised below.

Amendment to HKFRS 16, Covid-19-Related Rent Concessions

HKFRS 16 was amended to provide a practical expedient to lessees in accounting for rent concessions arising as a result of the Covid-19 pandemic, by including an additional practical expedient in HKFRS 16 that permits entities to elect not to account for rent concessions as modifications. The practical expedient applies only to rent concessions occurring as a direct consequence of Covid-19 pandemic and only if all of the following criteria are satisfied:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) the reduction in lease payments affects only payments originally due on or before 30 June 2021; and

(c) there is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with this practical expedient, which means the lessee does not need to assess whether the rent concession meets the definition of lease modification. Lessees shall apply other requirements of HKFRS 16 in accounting for the rent concession.

Accounting for rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

Amendment to HKFRS 16, COVID-19-Related Rent Concessions beyond 30 June 2021

The amendment extends the practical expedient available to lessees in accounting for COVID-19 related rent concessions by one year. The reduction in lease payments could only affect payments originally due on or before 30 June 2021 is extended to 30 June 2022. The amendment is effective for annual reporting periods beginning on or after 1 April 2021, with earlier application permitted.

The Group has early adopted the above amendments and elected to utilise the practical expedient for all rent concessions that meet the criteria. In accordance with the transitional provisions, the Group has applied the amendment retrospectively, and has not restated prior period figure. As the rent concessions have arisen during the current financial period, there is no retrospective adjustment to opening balance of retained earnings at 1 April 2020 on initial application of the amendment.

(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.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current[4]
HK Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[4]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[4]
Amendments to HKAS 8	Definition of Accounting Estimates[4]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[4]
Amendments to HKAS 16	Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[3]
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[1]
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 9 Financial Instruments and Amendments to Illustrative Examples accompanying HKFRS 16 Lease[2]

1 Effective for annual periods beginning on or after 1 January 2021

2 Effective for annual periods beginning on or after 1 January 2022

3 Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022

4 Effective for annual periods beginning on or after 1 January 2023

Amendments to HKAS 1 require material accounting policy information to be disclosed in financial statements rather than significant accounting policies and provide additional guidance in deciding which accounting policies should be disclosed. Amendments to HKFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

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. Except for the above amendments which may result in significant changes in disclosure for accounting policies in the financial statements, 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.

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:

	2021	2020
	HK$	*HK$*
Revenue from contracts with customers within the scope of HKFRS 15		
Timing of revenue recognition – At a point in time		
– Offset printing	**76,445,090**	101,556,811
– Toner-based digital printing	**7,100,988**	8,172,819
– Ink-jet printing	**13,735,644**	18,568,567
– Other services	**5,850,794**	5,130,147
	103,132,516	133,428,344

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

(b) Segment reporting

Segment information represents those information reported to the Group's senior executive management who are the chief operating decision makers for the purposes of resources allocation and assessment of performance. In the past, provision of offset printing services, provision of toner-based digital printing services, provision of ink-jet printing services and provision of other services were separately identified as reportable segments. Starting from the current year, the Group is managed based on the financial information of the Group as a whole as reported under HKFRS. Such information does not contain profit or loss information of particular product or service line or geographical area. The Group's senior executive management allocate resources and assess performance of the Group on an aggregated basis based on such information. Therefore, the Group's senior executive management have determined that starting from the current year, the Group has only one single reportable segment which is provision of printing services and trading of printing products.

The Group's revenue is solely derived from external customers based in Hong Kong, which is the location at which products are delivered, and the Group's non-current assets excluding deferred tax assets are located in Hong Kong.

5 OTHER INCOME AND OTHER GAINS

	2021	2020
	HK$	*HK$*
Other income		
Interest income	**185,124**	387,260
Scrap sale income	**615,501**	839,964
Government grant *(note)*	**7,806,996**	–
Sundry income	**170,808**	183,639
	8,778,429	1,410,863
Other gains		
Net exchange gain	**491**	4,885
Gain on disposal of property, plant and equipment	**4,800**	3,192,692
Gain on lease modification	**914,232**	51,478
	919,523	3,249,055

Note:

During the year, the Group received government grants of HK$7,806,996 in total from Employment Support Scheme ("ESS") and Retail Sector Subsidy Scheme under the Anti-epidemic Fund launched by the Hong Kong SAR Government. Under the ESS, the Group is required to spend the grant on paying wages to employees and not to implement redundancies during the subsidy period. There were no unfulfilled conditions or obligation relating to these government grants.

6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

		2021	2020
		HK$	*HK$*
(a)	**Finance cost**		
	Interest on lease liabilities	**942,792**	700,315
(b)	**Staff costs (including directors' remuneration)#**		
	Salaries, wages and other benefits	**27,359,090**	31,492,765
	Contributions to defined contribution retirement plans	**1,234,624**	1,378,904
		28,593,714	32,871,669
(c)	**Other items**		
	Auditors' remuneration	**430,000**	430,000
	Cost of inventories recognised as expenses#	**82,834,952**	108,358,978
	Depreciation of property, plant and equipment# *(note 10)*	**2,146,933**	5,608,050
	Depreciation of right-of-use assets# *(note 10)*	**6,691,210**	7,740,272
	Amortisation of intangible assets	**82,733**	79,945
	Short-term leases expense	**1,051,491**	2,245,289
	Impairment loss recognised on trade receivables *(note 11(b))*	**162,778**	152,122

Cost of inventories included the amounts of HK$10,319,274, HK$1,738,749 and HK$2,884,185 (2020: HK$11,314,352, HK$4,718,207 and HK$3,544,407) 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 statement of comprehensive income represents:

	2021	2020
	HK$	*HK$*
Current tax		
Hong Kong Profits Tax for the year	**–**	–
Under/(over)-provision in respect of prior years	**7,353**	(26,732)
	7,353	(26,732)
Deferred tax		
Credited to profit or loss	**(953,816)**	–
	(946,463)	(26,732)

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% (2020: 16.5%) of the estimated assessable profits for the year.

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$12,536,316 (2020: HK$15,511,192) and the weighted average number of ordinary shares in issue during the year of 900,000,000 (2020: 900,000,000).

(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 potentially dilutive ordinary shares in issue for both years.

9 DIVIDEND

No dividend was paid or proposed during the year, nor has any dividend been proposed since the end of the reporting period (2020: Nil).

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

Property, plant and equipment

	Leasehold improvements	Furniture and equipment	Plant and machinery	Computer equipment	Motor vehicle	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Cost:						
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 (a))*	(90,000)	–	(3,170,600)	–	–	(3,260,600)
At 31 March 2020 and 1 April 2020	**2,783,943**	**668,576**	**35,773,580**	**477,219**	**485,587**	**40,188,905**
Additions	**1,387,438**	**12,000**	**2,110,769**	**–**	**–**	**3,510,207**
Disposals *(note (a))*	**(84,402)**	**–**	**–**	**(14,688)**	**–**	**(99,090)**
At 31 March 2021	**4,086,979**	**680,576**	**37,884,349**	**462,531**	**485,587**	**43,600,022**
Accumulated depreciation and impairment:						
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 (b))*	(484,264)	(41,697)	(2,115,542)	(13,764)	(46,437)	(2,701,704)
Written back on disposals *(note (a))*	90,000	–	3,033,766	–	–	3,123,766
At 31 March 2020 and 1 April 2020	**(1,478,366)**	**(556,167)**	**(20,802,385)**	**(436,709)**	**(360,393)**	**(23,634,020)**
Charge for the year	**(474,515)**	**(46,210)**	**(1,508,871)**	**(27,596)**	**(89,741)**	**(2,146,933)**
Impairment *(note (b))*	**(839,039)**	**(29,072)**	**(8,142,147)**	**(8,055)**	**(27,688)**	**(9,046,001)**
Written back on disposals *(note (a))*	**74,442**	**–**	**–**	**14,688**	**–**	**89,130**
At 31 March 2021	**(2,717,478)**	**(631,449)**	**(30,453,403)**	**(457,672)**	**(477,822)**	**(34,737,824)**
Net book value:						
At 31 March 2021	**1,369,501**	**49,127**	**7,430,946**	**4,859**	**7,765**	**8,862,198**
At 31 March 2020	1,305,577	112,409	14,971,195	40,510	125,194	16,554,885

Right-of-use assets

	Leased properties *HK$*	Machineries *HK$*	Motor vehicles *HK$*	Total *HK$*
At 1 April 2019	8,658,775	574,726	260,400	9,493,901
Additions	9,638,115	2,488,130	–	12,126,245
Charge for the year	(7,040,017)	(504,955)	(195,300)	(7,740,272)
Impairment *(note (b))*	(2,862,137)	(2,148,193)	(17,614)	(5,027,944)
Effect of lease modification	(134,984)	(369,200)	–	(504,184)
At 31 March 2020 and 1 April 2020	**8,259,752**	**40,508**	**47,486**	**8,347,746**
Additions	**5,090,426**	**3,654,900**	**–**	**8,745,326**
Charge for the year	**(5,808,861)**	**(844,073)**	**(38,276)**	**(6,691,210)**
Impairment/(Reversal of impairment) *(note (b))*	**(2,814,338)**	**35,855**	**(9,210)**	**(2,787,693)**
Effect of lease modification	**(173,165)**	**(61,661)**	**–**	**(234,826)**
At 31 March 2021	**4,553,814**	**2,825,529**	**–**	**7,379,343**

Details about the leases of the right-of-use assets and the lease liabilities recognised are disclosed in note 13.

Notes:

(a) During the year, the Group disposed of certain property, plant and equipment with carrying value of HK$9,960 (2020: HK$136,834) at total considerations of HK$14,760 (2020: HK$3,329,526), resulting in disposal gain on property, plant and equipment of HK$4,800 (2020: HK$3,192,692).

(b) As assessed by the directors, impairment indications existed and thus the Group's property, plant and equipment and right-of-use assets were tested for impairment at the end of the reporting period. For the current year, based on the manner in which the Group was managed and operated, management assessed that property, plant and equipment and right-of-use assets together constitute the business of provision of printing services and trading of printing products and thus those assets are aggregated to form a cash-generating unit (CGU) for the purpose of impairment assessment. The recoverable amount of the CGU is determined based on value-in-use calculations, which comprise cash flow projections prepared based on the financial budget approved by the management. The period covered by the financial budget is five years.

Based on the result of the impairment assessment, the recoverable amount of the CGU was estimated to be approximately HK$16,242,000, which is lower than its carrying amount by HK$11,833,694. Accordingly, impairment loss of HK$11,833,694 was recognised for the year ended 31 March 2021 which was allocated as to HK$9,046,001 to property, plant and equipment and HK$2,787,693 to right-of-use assets. Further impairment loss was recognised for property, plant and equipment and right-of-use assets during the year which is mainly due to the prolonged COVID-19 pandemic broken out since January 2020. The demand for the Group's printing service is highly reliant on the level of local business and market activities undertaken by the Group's downstream customers, which is driven by market sentiment. The resulted social distancing measures and the successive waves of COVID-19 case hikes had dragged down those activities as well as the business momentum in the ensuing period. The effects of the pandemic are evolving and changing and there is still a high degree of uncertainty about the pandemic, and the outlook for economic recovery remains uncertain. The Group's financial budget is revised to reflect to current assessment of the economic and market conditions and additional impairment loss of HK$11,833,694 was resulted from the assessment.

The key assumptions used by the management in the value-in-use calculations of the CGU include: (i) sales growth rates ranged from 4% to 23%; (ii) gross profit margin is maintained at similar level as have achieved during the current year; and (iii) pre-tax discount rate of 11.3%.

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 Group. The pre-tax discount rate used reflects the specific risks relate to the business and industry in which the CGU is engaged.

11 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2021	2020
	HK$	*HK$*
Trade receivables	**7,426,297**	7,658,664
Less: Loss allowance *(note (b))*	**(798,488)**	(635,710)
	6,627,809	7,022,954
Other receivables, prepayments and deposits	**2,184,458**	1,959,115
	8,812,267	8,982,069

(a) Ageing analysis

At 31 March 2021, the ageing analysis of trade receivables, based on invoice date and net of allowance for doubtful debts, is as follows:

	2021	2020
	HK$	*HK$*
Within 1 month	**3,988,042**	2,728,247
1 to 2 months	**970,995**	1,348,312
2 to 3 months	**551,235**	886,624
Over 3 months	**1,117,537**	2,059,771
	6,627,809	7,022,954

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:

	2021	2020
	HK$	*HK$*
At the beginning of the year	**635,710**	483,588
Reversal of impairment loss	**(52,891)**	(40,434)
Impairment loss recognised	**215,669**	192,556
At the end of the year	**798,488**	635,710

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

12 TRADE AND OTHER PAYABLES

	2021	2020
	HK$	*HK$*
Trade payables	**10,110,373**	11,946,253
Other payables and accruals	**4,116,263**	3,910,606
Provision for long service payments	**685,212**	1,926,935
	14,911,848	17,783,794

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

	2021	2020
	HK$	*HK$*
Within 1 month	**5,647,280**	7,035,440
1 to 2 months	**3,420,782**	3,596,342
2 to 3 months	**1,028,297**	82,364
Over 3 months	**14,014**	1,232,107
	10,110,373	11,946,253

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

	2021	2020
	HK$	*HK$*
At the beginning of the year	**1,926,935**	2,051,703
Payment for long services payments	**(62,201)**	–
Reversal of provision for long services payments	**(1,179,522)**	(124,768)
At the end of the year	**685,212**	1,926,935

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

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 one to five years (2020: one to six years). Some of the leases contain early termination option.

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	Machineries	Motor vehicles	Total
	HK$	*HK$*	*HK$*	*HK$*
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
Lease modification	(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)
At 31 March 2020 and 1 April 2020	11,199,361	3,092,591	221,874	14,513,826
Additions	5,090,426	3,654,900	–	8,745,326
Lease modification	(234,826)	(914,232)	–	(1,149,058)
COVID-19-related rent concessions *(note)*	(286,247)	–	–	(286,247)
Finance cost	580,714	353,518	8,560	942,792
Lease payments	(8,019,860)	(1,328,020)	(146,472)	(9,494,352)
At 31 March 2021	8,329,568	4,858,757	83,962	13,272,287

The Group's lease liabilities are secured by the underlying machineries and motor vehicle with carrying value of HK$2,825,529 (2020: HK$87,994) as at 31 March 2021.

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 2021			
Within one year	**8,537,538**	**(678,275)**	**7,859,263**
After one year but within two years	**3,239,885**	**(282,968)**	**2,956,917**
After two years but within five years	**2,627,677**	**(171,570)**	**2,456,107**
	14,405,100	**(1,132,813)**	**13,272,287**

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

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

	2021 *HK$*	**2020** *HK$*
Current liabilities	**7,859,263**	7,765,701
Non-current liabilities	**5,413,024**	6,748,125
	13,272,287	14,513,826

Note: As disclosed in note 3(a), the Group has elected to apply the practical expedient introduced by the amendment to HKFRS 16 to all rent concessions that satisfy the criteria. All of the rent concessions entered into during the year ended 31 March 2021 satisfy the criteria to apply the practical expedient. The application of the practical expedient has resulted in the reduction of total lease liabilities of HK$286,247. The effect of this reduction has been recorded in profit or loss in the period in which the event or condition that triggers those payments occurs.

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$103.1 million for FY2021, representing a decrease of approximately 22.7% as compared to the revenue of approximately HK$133.4 million for the year ended 31 March 2020 ("FY2020"). For FY2021, the Group recorded a net loss of approximately HK$12.5 million in FY2021 as compared to HK$15.5 million recorded in FY2020. Excluding the impact of one-off items in the respective financial periods, there was a net operating loss of approximately HK$9.4 million recorded in FY2021 as compared to HK$11.0 million in FY2020. The one-off items in FY2021 included a gain on modification of leases for retail shops and machineries of approximately HK$0.9 million (FY2020: HK$51,478), a gain on disposal of property, plant and equipment of approximately HK$4,800 (FY2020: HK$3.2 million), government subsidies of approximately HK$7.8 million (FY2020: nil) and impairment loss on property, plant and equipment and right-of-use assets of approximately HK$11.8 million (FY2020: HK$7.7 million). 2021 was a challenging year for the Group. The outbreak of the novel coronavirus ("COVID-19") leads to the implementation of social distancing measures to reduce the spread of the virus in Hong Kong which affects the business and market activities of the Group's customers. The Group has taken and will continue to take actions to control costs and drive efficiency to maintain our profitability and competitiveness in the market.

Looking ahead, there is still a high degree of uncertainty about the pandemic, and the outlook for economic recovery remains uncertain. The Group is exploring market opportunities for horizontal expansion and services diversification. The Group will continue to implement our business plan to enhance the market share, image, recognition and market reputation. In 2021, the Group purchased printing-related machines of approximately HK$2.0 million to reduce the reliance on subcontractors, in turn pursue long-term cost reduction.

Financial Review

Revenue

The total revenue of the Group for FY2021 decreased by HK$30.3 million or 22.7% to HK$103.1 million as compared to HK$133.4 million for FY2020. The decrease in revenue was caused by the decline in the demand for printing services. The demand for our printing service is highly reliant on the level of local business and market activities undertaken by our downstream customers, which is driven by market sentiment. These activities however reduced significantly due to the prolonged COVID-19 pandemic broken out since January 2020.

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$108.4 million in FY2020 to HK$82.8 million in FY2021 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$25.1 million for FY2020 to HK$20.3 million for FY2021, which was in tandem with the decline in revenue and costs of sales. The gross profit margin was 19.7% for FY2021 (FY2020:18.8%).

Other income

Other income in FY2021 mainly represent the government subsidies of approximately HK$7.8 million (FY2020: nil) granted under the employment support scheme and the retail sector subsidy scheme in response to the COVID-19 pandemic.

Other gains

Other gains or losses in FY2021 mainly represent the gain on derecognition of right-of-use assets and lease liabilities upon lease modification amounting to approximately HK$0.9 million, while the other gains in FY2020 of approximately HK$3.2 million mainly represent the gain on disposal of property, plant and equipment.

Selling and administrative expenses

Selling and administrative expenses primarily comprise staff costs (including directors' remuneration), depreciation, legal and professional fee, IT development fee, auditors' remuneration, marketing and entertainment, repair and maintenance, consultancy fee, utilities expenses, bank charges and other miscellaneous administrative expenses. The selling and administrative expenses amounted to HK$30.7 million in FY2021, which represented a decrease of HK$6.1 million as compared to HK$36.8 million in FY2020. The decrease in selling and administrative expenses was mainly attributable to (i) decrease in depreciation due to the impairment losses made on the carrying amounts of certain assets of the Group in FY2020; (ii) a temporary reduction of salaries for two months from April to May 2020 as one of the major cost saving measures in light of the COVID-19 pandemic; (iii) decrease in staff costs due to the decrease in average number of staff; and (iv) decrease in lease payment due to the rent concessions.

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$11.8 million provided to write down their recoverable amounts based on the impairment assessment for the year ended 31 March 2021 (FY2020: HK$7.7 million). For the purpose of impairment assessment, property, plant and equipment and right-of-use assets are aggregrated to form a cash-generating unit. The recoverable amount of the cash-generating unit is determined based on value-in-use calculations, which comprise cash flow projections prepared based on the financial budget approved by the management. The period covered by the financial budget is five years. The impairment loss made in FY2021 was due to the unexpected and prolonged downturn of the economy as a result of the COVID-19.

Finance Cost

The finance costs of the Group increased from HK$0.7 million for FY2020 to HK$0.9 million, which was primarily attributable to the increase in lease liabilities as a result of the addition of the right-of-use assets.

Loss for the year and attributable to owners of the Company

The loss attributable to owners of our Company was approximately HK$12.5 million in FY2021 as compared to HK$15.5 million recorded in FY2020. Excluding the impact of one-off items in the respective financial periods, the net operating losses were approximately HK$9.4 million in FY2021 and HK$11.0 million in FY2020. The one-off items in FY2021 included a gain on modification of leases for retail shops and machineries of approximately HK$0.9 million (FY2020: HK$51,478), a gain on disposal of property, plant and equipment of approximately HK$4,800 (FY2020: HK$3.2 million), government subsidies of approximately HK$7.8 million (FY2020: nil) and impairment loss on property, plant and equipment and right-of-use assets of approximately HK$11.8 million (FY2020: HK$7.7 million).

The outbreak of the COVID-19 leads to the implementation of social distancing measures to reduce the spread of the virus in Hong Kong which affects the business and market activities of the Group's customers. The Board expects such negative impact to persist in near term which would continue to affect our financial performance. Notwithstanding this, the Group will continue to take actions to control costs and drive efficiency to maintain our profitability and competitiveness in the market.

Property, plant and equipment

As at 31 March 2021, property, plant and equipment amounted to HK$8.9 million, representing a decrease of 46.5% as compared with that of HK$16.6 million as at 31 March 2020, which was primarily attributable to the impairment loss on property, plant and equipment as mentioned above.

Cash and cash equivalents

The cash and cash equivalents of the Group significantly decreased from HK$31.3 million as at 31 March 2020 to HK$23.6 million as at 31 March 2021, which was mainly due to the decrease in operating performance as a result of outbreak of COVID-19.

Trade and other payables

The trade and other payables of the Group decreased from HK$17.8 million as at 31 March 2020 to HK$14.9 million as at 31 March 2021. The decrease was mainly due to (i) the decline in production activities as a result of the decrease in the demand of printing services; and (ii) the decrease in the provision of long service payments as a result of the favourable performance of the MPF contribution.

Liquidity, financial resources and capital structure

As at 31 March 2021, the Group had net current assets of HK$10.8 million (FY2020: HK$16.7 million), of which the cash and cash equivalents were approximately HK$23.6 million (FY2020: HK$31.3 million). The Group's current ratio is 1.43 (FY2020: 1.61).

Total lease liabilities for the Group amounted to HK$13.3 million as at 31 March 2021 (FY2020: HK$14.5 million). The gearing ratio as at 31 March 2021 was 0.55 (FY2020: 0.39) which is calculated on the basis of the Group's total lease liabilities over the total equity. As at 31 March 2021, lease liabilities in the amounts of HK$7.9 million are due within one year while the amounts of HK$5.4 million are due after one year. There has been no change in the capital structure of the Group for FY2021.

Dividends

The Board does not recommend the payment of a final dividend for the year ended 31 March 2021 (FY2020: nil).

Capital Commitments

As at 31 March 2021, the Group had capital commitments of HK$125,000 for acquisition of accounting software. As at 31 March 2020, the Group had capital commitments of HK$4.3 million for acquisition of digital printers and accounting software.

Significant Investments

There was no significant investments held as at 31 March 2021.

Material Acquisitions And Disposals

The Group did not have any material acquisition or disposal of associates, joint ventures or subsidiaries during FY2021.

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 2021, certain machineries and motor vehicle of the Group with a carrying value of HK$2.8 million (FY2020: HK$87,994) were held under finance leases.

Contingent Liabilities

The Group had no material contingent liabilities as at 31 March 2021.

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 2021.

Business plan as set in the Prospectus	Progress up to 31 March 2021
Purchase of a five-colour offset press	As disclosed in the announcement of the Company dated 18 October 2018 (the "First Change in UOP 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 Change in UOP Announcement. The set up of the six-colour offset press was completed in May 2019.
Purchase of a hybrid printer	As disclosed in the announcement of the Company dated 23 March 2020 (the "Second Change in UOP 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 Change in UOP Announcement.

Business plan as set in the Prospectus	Progress up to 31 March 2021
Expansion of our store network	As disclosed in the Second Change in UOP 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 Change in UOP Announcement.
Lease of four digital printers	As disclosed in the Second Change in UOP 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. The set up of the digital printers was completed in June 2020.
Purchase of printing related machines	As at 31 March 2021, the Group acquired printing related machines from an independent third party of a approximately HK$2.0 million.
Upgrade information technology systems	The set up of the Company's website and mobile application was completed in 2020.

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 First Change in UOP 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 "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)*	Utilised net proceeds up to 22 March 2020 *HK$ million (approximately)*	Unutilised 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

As disclosed in the Second Change in UOP Announcement, the Board resolved to have a second change with respect to the use of net proceeds. Details of the Second Change in UOP Announcement up to 31 March 2021 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)*	Utilised net proceeds up to 31 March 2021 *HK$ million* *(approximately)*	Unutilised net proceeds up to 31 March 2021 *HK$ million* *(approximately)*	Expected timeline of full utilisation of the balance
Purchase of a six-colour offset press	10.7	10.7	—	—
Lease of four digital printers	5.0	1.0	4.0	End of 2025
Purchase of printing related machines	5.0	2.0	3.0	End of 2022
Working capital	2.4	2.4	—	—
Upgrade information technology systems	0.9	0.9	—	—
Total	24.0	17.0	7.0	—

As disclosed in the Second Change in UOP Announcement, the Group entered into a finance lease agreement with an independent third party, being the manufacturer of printer and copier, for the lease of four new digital printers at the total lease payment of HK$5,040,000, of which HK$5.0 million will be funded by the net proceeds, for a lease term of 60 months. For details, please refer to the Second Change in UOP Announcement. Total lease payment of HK$1.0 million has been paid out of the net proceeds up to 31 March 2021.

Also as disclosed in the Second Change in UOP Announcement, the Company was in negotiation to purchase approximately HK$2.0 million of printing related machines from an independent third party supplier; the purchases were subsequently concluded in April and July 2020. Management will periodically assess the needs to replace or acquire additional production machinery and equipment according to the Group's business strategy and operational requirement. It is currently expected that the remaining HK$3.0 million net proceeds will be fully utilised for purchase of printing related machines by the end of year 2022.

The remaining unused net proceeds as at 31 March 2021 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 2021, the Group employed 114 (FY2020: 125) 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$28.6 million (FY2020: HK$32.9 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$1.2 million (FY2020: 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 Board is not aware of any events after the reporting period that requires disclosure.

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 FY2021 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 the year ended 31 March 2021 and up to the date of this announcement.

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 FY2021 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 FY2021 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 2021 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 2021 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 2021 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, 21 June 2021

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