



環球印館控股有限公司 Universe Printshop Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 8448

Interim Report
2023






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This report, 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 (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 report 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 report misleading.



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Lam Shing Tai (*Chairman and Chief Executive Officer*)
Mr. Chau Man Keung (*Vice Chairman*)
(*resigned on 1 July 2023*)
Mr. Hsu Ching Loi (*Chief Executive Officer*)
(*resigned on 1 July 2023*)
Ms. Li Shuang (*appointed on 1 July 2023*)
Mr. Kao Jung (*appointed on 1 July 2023*)
Mr. Yip Chi Man (*appointed on 1 July 2023*)

Independent Non-Executive Directors

Mr. Wong Chun Kwok
Mr. Ho Kar Ming
Ms. So Shuk Wan

AUDIT COMMITTEE

Mr. Wong Chun Kwok (*Chairman*)
Mr. Ho Kar Ming
Ms. So Shuk Wan

REMUNERATION COMMITTEE

Mr. Ho Kar Ming (*Chairman*)
Mr. Wong Chun Kwok
Ms. So Shuk Wan

NOMINATION COMMITTEE

Ms. So Shuk Wan (*Chairlady*)
Mr. Wong Chun Kwok
Mr. Ho Kar Ming

RISK MANAGEMENT COMMITTEE

Mr. Wong Chun Kwok (*Chairman*)
Mr. Ho Kar Ming
Ms. So Shuk Wan

AUTHORISED REPRESENTATIVES (FOR THE PURPOSE OF THE GEM LISTING RULES)

Mr. Lam Shing Tai
Mr. So Hang Fung

AUTHORISED REPRESENTATIVE (FOR THE PURPOSE OF THE COMPANIES ORDINANCE)

Mr. Lam Shing Tai

COMPLIANCE OFFICER

Mr. Lam Shing Tai (*appointed on 1 July 2023*)
Mr. Chau Man Keung (*resigned on 1 July 2023*)

Corporate Information

COMPANY SECRETARY

Mr. So Hang Fung

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS OF OUR GROUP AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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LEGAL ADVISERS AS TO HONG KONG LAWS

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27/F, Alexandra House
18 Chater Road
Central, Hong Kong

PRINCIPAL BANKER

Bank of China (Hong Kong) Limited
Bank of China Tower
1 Garden Road
Central
Hong Kong

AUDITOR

BDO Limited
Certified Public Accountants
Registered Public Interest Entity Auditor
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F
Far East Finance Centre
16 Harcourt Road
Hong Kong

COMPANY'S WEBSITE

<http://www.uprintshop.hk/>

STOCK CODE

8448

Financial Highlights

The revenue of the Company and its subsidiaries (the “Group”) was approximately HK\$35.9 million for the six months ended 30 September 2023 (“1H 2023”), representing a decrease of approximately 28.7% from approximately HK\$50.3 million for the six months ended 30 September 2022 (“1H 2022”). This decrease in revenue was primarily due to the reduced demand for and downward pressure in prices of the Company’s printing services.

The gross profit of the Group decreased from approximately HK\$7.4 million in 1H 2022 to approximately HK\$5.6 million in 1H 2023. This decrease was in line with the decline in revenue. The gross profit margin has remained stable at approximately 15%.

The Group recorded a loss attributable to owners of the Company of approximately HK\$9.4 million in 1H 2023 as compared to approximately HK\$9.2 million recorded in 1H 2022. Excluding the impact of one-off items (as detailed in the section headed “Management Discussion and Analysis – Financial Review” below) in the respective financial periods, there was a loss attributable to owners of the Company of approximately HK\$10.9 million recorded in 1H 2023 as compared to approximately HK\$11.5 million in 1H 2022.

The board of Directors (the “Board”) does not recommend the payment of any dividend for 1H 2023 (1H 2022: nil).

Management Discussion and Analysis



BUSINESS REVIEW AND OUTLOOK

The Group recorded revenue of approximately HK\$35.9 million for 1H 2023, representing a decrease of approximately 28.7% as compared to the revenue of approximately HK\$50.3 million for 1H 2022. For 1H 2023, the Group recorded a net loss of approximately HK\$9.4 million as compared to approximately HK\$9.2 million recorded in 1H 2022. Excluding the impact of one-off items in the respective financial periods, there was a net operating loss of approximately HK\$10.9 million recorded in 1H 2023 as compared to approximately HK\$11.5 million in 1H 2022.

The rapidly changing market conditions have presented unprecedented challenges for our business. To cope with the current challenging operating environment, the Group has strategically reviewed its existing business model and customers' demand and decided to optimise its production in Hong Kong by balancing the proportion of offset printing and digital printing. In 1H 2023, the Company acquired two sets of brand new four-colour digital inkjet printing machine manufactured by FUJIFILM (model: Jet Press 750S) accompanied with servers and FUJIFILM XMF Workflow system with a view to enhance its printing management for higher efficiency and consistency as well as to reduce unit fixed costs while reducing its carbon footprint (for details, please refer to the circular of the Company dated 31 May 2023). In August 2023, the Group had leased certain premises in Kwun Tong and formed a joint venture company with an independent third party for undertaking extra printing orders with a view to broaden the Group's revenue stream and expand the Group's business scale (for details, please refer to the announcement of the Company dated 28 August 2023).

Looking ahead, we remain optimistic about the future of our business and will continue to invest in technology, talent, and innovation to stay ahead of the competition.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

In 1H 2023, the Group's total revenue experienced a decline of approximately HK\$14.4 million or approximately 28.7%, with total revenue amounting to approximately HK\$35.9 million, as compared to approximately HK\$50.3 million in 1H 2022. This decrease in revenue was primarily due to the reduced demand for and downward pressure in prices of the Company's printing services.

Costs of sales

The major components of the cost of sales are raw material cost, sub-contracting fee, manufacturing overhead, and staff costs. The total cost of sales decreased from approximately HK\$43.0 million in 1H 2022 to approximately HK\$30.3 million in 1H 2023. This decrease was in line with the decline in revenue.

Gross profit and gross profit margin

The Group's gross profit decreased from approximately HK\$7.4 million in 1H 2022 to approximately HK\$5.6 million in 1H 2023. This decrease was in line with the decline in revenue. The gross profit margin has remained stable at approximately 15%.

Other income

The significant decrease in other income from approximately HK\$3.7 million in 1H 2022 to approximately HK\$89,000 in 1H 2023. The primary reason behind this decrease is the absence of government subsidies in 1H 2023, which amounted to approximately HK\$3.4 million in 1H 2022. These subsidies were granted to us under the Employment Support Scheme of the Anti-epidemic Fund launched by the Hong Kong government in response to the COVID-19 pandemic and the technology voucher programme.

Other gains

Other gains increased significantly from approximately HK\$0.2 million in 1H 2022 to approximately HK\$2.4 million in 1H 2023, which represented the (i) gain on disposal of property, plant and equipment of approximately HK\$1.9 million in 1H 2023 (1H 2022: nil); and (ii) gain on the modification of leases for retail shops and machineries of approximately HK\$0.5 million (1H 2022: HK\$0.2 million).

Administrative and other expenses

Administrative and other expenses primarily comprise staff costs (including directors' remuneration), depreciation, legal and professional fee, IT development fee, auditors' remuneration, marketing and entertainment, utilities expenses, bank charges and other miscellaneous administrative expenses. The administrative and other expenses amounted to approximately HK\$17.1 million in 1H 2023, which represented a decrease of approximately HK\$3.0 million or approximately 14.9% as compared to approximately HK\$20.1 million in 1H 2022. The decrease in administrative and other expenses was mainly attributable to the decrease in staff costs and legal and professional fee.

Management Discussion and Analysis

FINANCIAL REVIEW (CONTINUED)

Total comprehensive loss for the period attributable to owners of the Company

The total comprehensive loss attributable to owners of the Company was approximately HK\$9.4 million in 1H 2023 as compared to approximately HK\$9.2 million recorded in 1H 2022. Excluding the impact of one-off items in the respective financial periods, there was a net operating loss of approximately HK\$10.9 million recorded in 1H 2023 as compared to approximately HK\$11.5 million in 1H 2022. The one-off items in 1H 2023 included a gain on modification of leases for retail shops and machineries of approximately HK\$0.5 million (1H 2022: HK\$0.2 million), a gain on disposal of property, plant and equipment of approximately HK\$1.9 million (1H 2022: nil), government subsidies of approximately HK\$13,000 (1H 2022: HK\$3.4 million) and legal and professional fees in relation to disposal of equipment and a major and connected transaction of approximately HK\$0.9 million (1H 2022: HK\$1.4 million in relation to mandatory unconditional cash offer).

Property, plant and equipment

Property, plant and equipment decreased from approximately HK\$9.9 million as at 31 March 2023 to approximately HK\$5.9 million as at 30 September 2023, which was mainly due to the disposal of a six-colour offset press in April 2023 (please refer to the announcement of the Company dated 18 April 2023).

Right-of-use assets

As at 30 September 2023, right-of-use assets amounted to approximately HK\$27.5 million, representing an increase of approximately 244.2% as compared with that of approximately HK\$8.0 million as at 31 March 2023, which was primarily attributable to the additions of two sets of four-colour digital ink-jet printing machines manufactured by FUJIFILM amounting to HK\$18.7 million in aggregate under hire purchase arrangement.

Deposits paid

The deposits paid of the Group increased from approximately HK\$1.1 million as at 31 March 2023 to approximately HK\$2.3 million as at 30 September 2023. The increase was mainly due to deposits paid for the accounting system and leasehold improvement.

Trade and other receivables, prepayments and deposits

The trade and other receivables, prepayments and deposits of the Group increased from approximately HK\$6.0 million as at 31 March 2023 to approximately HK\$13.4 million as at 30 September 2023. The increase was primarily due to the payment of a refundable security deposit of HK\$5 million under a production agreement, details of which are set out in the Company's announcement dated 28 August 2023.

Cash and cash equivalents

The cash and cash equivalents of the Group decreased from approximately HK\$5.0 million as at 31 March 2023 to approximately HK\$2.5 million as at 30 September 2023, which was mainly due to the decrease in operating performance.

Lease liabilities

The total lease liabilities of the Group increased from approximately HK\$11.3 million as at 31 March 2023 to approximately HK\$27.5 million as at 30 September 2023. The increase was primarily due to the addition of two sets of four-colour digital ink-jet printing machines manufactured by FUJIFILM amounting to HK\$18.7 million in aggregate under hire purchase arrangement.

Management Discussion and Analysis

FINANCIAL REVIEW (CONTINUED)

Liquidity, financial resources and capital structure

As at 30 September 2023, the Group had net current liabilities of approximately HK\$8.4 million (31 March 2023: approximately HK\$16.6 million). The Group's current ratio is approximately 0.68 time (31 March 2023: approximately 0.44 time).

Total lease liabilities for the Group amounted to approximately HK\$27.5 million as at 30 September 2023 (31 March 2023: HK\$11.3 million). As at 30 September 2023, the Group recorded net liabilities of approximately HK\$6.4 million and lease liabilities in the amounts of approximately HK\$9.8 million which were due within one year while the amounts of approximately HK\$17.7 million were due after one year. No gearing ratio was presented due to net liabilities position of the Group as at 30 September 2023 (31 March 2023: same). Save for the issue of 98,000,000 shares of the Company pursuant to the entering into of the subscription agreement by the Company and the independent third parties on 19 April 2023, there has been no change in the capital structure of the Group for 1H 2023. Please refer to the announcements of the Company dated 19 April 2023 and 3 May 2023 for details of the subscription of shares.

EMPLOYEES AND EMOLUMENT POLICIES

As at 30 September 2023, the Group employed 55 (30 September 2022: 85) 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 approximately HK\$10.5 million (1H 2022: approximately HK\$15.4 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 medical insurance, retirement benefits and discretionary bonus are offered to all employees. Training is also provided on a continuing basis to our existing employees on areas such as operation of our machinery, work safety, fire safety and quality control.

DIVIDENDS

The Board does not recommend the payment of any dividend for 1H 2023 (1H 2022: nil).

CAPITAL COMMITMENTS

As at 30 September 2023, the Group does not have material capital commitments that have not been disclosed (31 March 2023: nil).

SIGNIFICANT INVESTMENTS

There were no significant investments held as at 30 September 2023 (31 March 2023: nil).

MATERIAL ACQUISITIONS AND DISPOSALS

On 24 August 2023, the Company formed a joint venture company with an independent third party and then entered into relevant Shareholders' Agreement (please refer to announcement of the Company dated 28 August 2023 for details). The Group did not have any material acquisition or disposal of associates, joint ventures or subsidiaries during 1H 2023.

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.

Management Discussion and Analysis

KEY RISKS AND UNCERTAINTIES

The Directors are aware that the Group is exposed to various types of risks, including operational risks, market risks, liquidity risks, credit risks and regulatory risks. The following highlights some of the risks which are considered material by our Directors:

The Group's growth and success hinges on customer retention and acquisition amidst market volatility

The Group generally does not enter into any long-term contract with its customers and sales of the Group are derived on an order-by-order basis and may fluctuate from time to time. Hence, the growth and success of the Group relies on the Group's ability to retain its existing customers and attract new customers, which is affected by various factors such as sales coverage, service quality, marketing strategies, market demand and the degree of competition in the market. There is no assurance that the Group's customers will continue to place orders with the Group in the future.

The business is subject to fluctuation of purchase costs for raw materials and staff costs

The profitability of the Group depends on the control of cost of production and ability to anticipate and respond to fluctuations in purchase costs of raw materials. The availability and costs of our principal raw materials may change due to factors beyond our control such as policies of the government, economic conditions and market competition. In addition, as the labour costs in Hong Kong continue to increase in recent years, the salary level of employees has generally increased as well. The Group cannot guarantee that it can anticipate and respond to the changes in prices of principal raw materials and staff costs or transfer the increase in costs to the Group's customers effectively. In that case, the operation and financial performances may be adversely affected.

Reliance on sub-contractors who are printing service providers and their failure to meet our requirements may materially and adversely affect our business and reputation

The Group sub-contracts certain production procedures and printing services to sub-contractors who are printing service providers. It cannot be assured that the management can monitor the performance of the sub-contractors as directly and effectively as monitoring the staff members of the Group. In case the sub-contractors fail to meet the deadlines or required standards, the business and reputation of the Group may be adversely affected.

In addition, if the sub-contractors are in breach of any laws, rules or regulations in matters such as health and safety, environment and employment, they may be subject to prosecution and unable to perform the work of the Group. The Group may then have to locate and appoint another sub-contractors for replacement at additional cost, which would lower the profit margin of the Group.

Possible shortage in supply of our raw materials

To deliver printing services with fast turnaround time and meet the expectation of customers, the Group has to be able to procure raw materials in a timely manner. The Group did not enter into any long-term contract with the suppliers. There is no assurance that the Group will continue to be able to secure a stable supply of raw materials at competitive prices in a timely manner or at all. Failure to do so will cause disruption in production or delayed delivery, thereby adversely affecting the Group's business, results of operation and reputation.

Management Discussion and Analysis

KEY RISKS AND UNCERTAINTIES (CONTINUED)

The Group faces liquidity risks with net current liabilities

As at 30 September 2023, the Group had net current liabilities of approximately HK\$8.4 million and net liabilities of approximately HK\$6.4 million. The net current liabilities position exposes the Group to liquidity risks. The Group's future liquidity, the payment of trade and other payables and repayment of outstanding debts will primarily depend on the Group's ability to generate adequate cash inflows from operations and sufficient external financing. The Group cannot assure that it will not have net current liabilities in the future. If the Group fails to secure adequate funds as working capital, financial conditions and results of operations of the Group may be adversely affected.

Printing business is vulnerable to local economic shifts

The Group's business depends on the macro-economic situation in Hong Kong and may be adversely affected by the change in demand of the Group's printing services and products as a result of downturns in the local economy, inflation and social and/or political development.

CHARGE ON ASSETS

As at 30 September 2023, certain machineries of the Group with a carrying value of approximately HK\$19.9 million (31 March 2023: approximately HK\$1.4 million) were held under finance leases.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 September 2023 (31 March 2023: nil).

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 30 September 2023.

| Business plan as set out in the Prospectus | Progress up to 30 September 2023 |
|--|--|
| Purchase of a five-colour offset press | <p>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.</p> <p>The set up of the six-colour offset press was completed in May 2019.</p> |
| Purchase of a hybrid printer | <p>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.</p> |

Management Discussion and Analysis

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS (CONTINUED)

| Business plan as set out in the Prospectus | Progress up to 30 September 2023 |
|--|--|
| 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 | <p>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 approximately HK\$5.0 million.</p> <p>The set up of the digital printers was completed in June 2020.</p> |
| Purchase of printing related machines | <p>The Group acquired printing related machines from independent third parties of approximately HK\$5.0 million.</p> <p>The set up of the printing related machines was completed in September 2022.</p> |
| 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 approximately 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 net proceeds from the Share Offer for acquiring a six-colour offset press to replace one of the Group's existing four-colour offset press (the "First Change in UOP").

Management Discussion and Analysis

USE OF PROCEEDS (CONTINUED)

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 |

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 (the “Second Change in UOP”). Details of the Second Change in UOP up to 30 September 2023 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 30 September 2023 HK\$ million (approximately) | Unutilized net proceeds up to 30 September 2023 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 | 3.6 | 1.4 | End of 2025 |
| 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 | 22.6 | 1.4 | – |

Management Discussion and Analysis

USE OF PROCEEDS (CONTINUED)

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\$3.6 million has been paid out of the net proceeds up to 30 September 2023.

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.

As at 30 September 2023, the Company had fully utilised the net proceeds of HK\$5.0 million for purchase of printing related machines.

The remaining unused net proceeds as at 30 September 2023 were placed as bank balances with licensed banks in Hong Kong and will be applied according to the intended usage stated in the Second Change in UOP Announcement.

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.

USE OF PROCEEDS IN RELATION TO THE SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

Reference is made to the announcements dated 19 April 2023 and 3 May 2023 issued by the Company in relation to the subscription of new shares of the Company under general mandate. On 19 April 2023 (after trading hours), the Company entered into the subscription agreement (the "Subscription Agreement") with Mr. Tsang Yee Fung and Mr. Chiu Wan Lung (collectively, the "Subscribers"), pursuant to which, the Company has conditionally agreed to allot and issue, and the Subscribers have conditionally agreed to subscribe for, a total of 98,000,000 new ordinary shares of the Company (the "Subscription Shares") pursuant to the terms of the Subscription Agreement at the subscription price of HK\$0.04 per Subscription Share (the "Subscription"). The aggregate nominal value of the Subscription Shares is HK\$980,000. Based on the closing price of the Shares of HK\$0.026 per Share on 19 April 2023, being the date of the Subscription Agreement, the Subscription Shares have a market value of approximately HK\$2.55 million. The Directors considered that the Subscription represents an opportunity to raise capital for the business operations of the Group while broadening the shareholder base of the Company.

The conditions of the Subscription have been fulfilled and completion of the Subscription took place on 3 May 2023. The gross proceeds and net proceeds (after deducting the expenses related to the Subscription) from the Subscription are HK\$3.92 million and approximately HK\$3.73 million (representing the net price of approximately HK\$0.0381 per Subscription Share) respectively.

Management Discussion and Analysis

USE OF PROCEEDS IN RELATION TO THE SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE (CONTINUED)

The details of the use of proceeds from the issue of 98,000,000 shares of the Company under general mandate during the period are set out in the following table:

| | Planned use of the net proceeds as announced on 19 April 2023 (adjusted according to the actual net proceeds received) HK\$ million (approximately) | Utilized net proceeds up to 30 September 2023 HK\$ million (approximately) | Unutilized net proceeds up to 30 September 2023 HK\$ million (approximately) |
|--|--|---|---|
| Expected use of net proceeds | | | |
| Settlement of current liabilities such as trade payables and other payables and accruals | 3.73 | 3.73 | – |

As at 30 September 2023, the Company had fully utilised the net proceeds of HK\$3.73 million for the settlement of current liabilities such as trade payables and other payables and accruals in accordance with the planned use of the net proceeds as announced by the Company on 19 April 2023.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 September 2023, save as disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus, the First Change in UOP Announcement, the Second Change in UOP Announcement and the acquisition of two sets of four-colour digital ink-jet printing machines, the Group did not have any plans for material investments and capital assets.

EVENTS AFTER THE REPORTING PERIOD

Reference is made to the announcements dated 3 October 2023, 5 October 2023, 19 October 2023 and 3 November 2023 issued by the Company in relation to (1) proposed share consolidation; (2) proposed increase in authorised share capital; (3) proposed rights issue on the basis of three (3) rights shares for every two (2) consolidated shares held on the record date on fully underwritten basis; (4) connected transaction in relation to the underwriting agreement and the relevant supplemental agreements between the Company and New Metro Inc.; and (5) application for whitewash waiver.

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the share consolidation, pursuant to which every five (5) issued and unissued Existing Shares of HK\$0.01 each will be consolidated into one (1) consolidated share of HK\$0.05. The share consolidation is subject to, among other things, the approval by the shareholders by way of poll at the relevant extraordinary general meeting and the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the consolidated shares, and is to take effect two business days after the date of the relevant extraordinary general meeting.

Management Discussion and Analysis

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The Board proposes to increase the authorised share capital of the Company from HK\$20,000,000 divided into 2,000,000,000 existing shares to HK\$200,000,000 divided into 20,000,000,000 existing shares (which will become 4,000,000,000 consolidated shares upon the share consolidation becoming effective). Subject to the passing of an ordinary resolution by the shareholders at the relevant extraordinary general meeting to approve the increase in authorised share capital, the increase in authorised share capital will become effective on the date of the relevant extraordinary general meeting.

PROPOSED RIGHTS ISSUE

Subject to, among other things, the increase in authorised share capital and the share consolidation having become effective, the Board proposes to conduct the rights issue on the basis of three (3) rights shares for every two (2) consolidated shares held on the record date at the subscription price of HK\$0.115 per rights share, to raise approximately HK\$34.43 million before expenses by way of issuing 299,400,000 rights shares (representing consolidated shares). Assuming that there is no change in the number of issued shares on or before the record date, the estimated net proceeds of the rights issue after deduction of all estimated expenses will be approximately HK\$32.81 million.

THE IRREVOCABLE UNDERTAKINGS AND THE UNDERWRITING AGREEMENT

As at the date of this report, New Metro Inc. beneficially holds 354,659,000 existing shares (equivalent to 70,931,800 consolidated shares after the share consolidation having become effective), representing approximately 35.54% of the issued share capital of the Company. Immediately after the share consolidation and upon the completion of the rights issue assuming no subscription by the shareholders (other than those subscriptions pursuant to the irrevocable undertakings) and none of the placing shares are placed to the placees under the compensatory arrangements, potential shareholding of New Metro Inc. may be up to 340,931,800 consolidated shares, representing approximately 68.32% of the issued share capital of the Company as enlarged by the issue of the rights shares assuming no changes in the issued share capital of the Company up to and including the record date. Accordingly, New Metro Inc. will be required to make a mandatory offer under Rule 26 of the Takeovers Code for all the Shares not already owned or agreed to be acquired by it and parties acting in concert with it (i.e. Mr. Lam Shing Tai, Mr. Chau Man Keung, Mr. Hsu Ching Loi and Ms. Au Suk Han Shirley (spouse of Mr. Yip Chi Man, an executive director), unless the whitewash waiver is granted. As at the date of this report, New Metro Inc. has made an application for the whitewash waiver in compliance with the Takeovers Code.

For details, please refer to the announcements dated 3 October 2023, 5 October 2023, 19 October 2023 and 3 November 2023 issued by the Company.

Save as disclosed above and elsewhere in this report, the Group has no other significant events subsequent to 30 September 2023 and up to the date of this report.

Other Information

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2023, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) which were required to be notified to the Company and the Stock Exchange: (a) pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions in which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein (the “Register”); or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange were as follows:

Long position in Shares as at 30 September 2023

| Name of Director | Capacity/Nature of interest | Number of shares held/interested | Percentage of the issued share capital of the Company (approximate) |
|-------------------|--|----------------------------------|---|
| Mr. Lam Shing Tai | Interest in controlled corporation (Notes 1 & 2) | 354,659,000 | 35.54% |
| | Interest held jointly with another person (Note 3) | 151,866,000 | 15.21% |
| Mr. Yip Chi Man | Interest of spouse (Note 4) | 9,500,000 | 0.95% |

Long position in ordinary shares of the associated corporation as at 30 September 2023

| Name | Name of associated corporation | Capacity/Nature of interest | Number of shares held/interested | Percentage of shareholding |
|-------------------|--------------------------------|-----------------------------|----------------------------------|----------------------------|
| Mr. Lam Shing Tai | New Metro | Beneficial owner | 1 | 100% |

Notes:

- Mr. Lam Shing Tai holds 100% of the issued share capital of New Metro Inc. (“New Metro”). Under the SFO, Mr. Lam Shing Tai is deemed to be interested in the 354,659,000 Shares held by New Metro.
- Pursuant to the underwriting agreement (as amended and supplemented by the relevant supplemental agreements) in relation to the proposed rights issue, New Metro (as the underwriter) conditionally agreed to underwrite up to 163,602,300 rights shares after, among other things, the share consolidation having become effective, which are equivalent to 818,011,500 existing shares (the “Underwritten Shares”). Save for the Shares disclosed in the table above, New Metro is interested in such underwritten Shares under the SFO.
- Pursuant to the deed of acting in concert undertaking dated 4 April 2022 (the “Deed of Acting in Concert Undertaking”) entered into among New Metro, Mr. Lam Shing Tai (being the sole ultimate beneficial owner of New Metro), Mr. Chau Man Keung and Mr. Hsu Ching Loi (collectively the “Concerted Controlling Shareholders”), each of them is deemed to be interested in the Shares held by the others. New Metro is the beneficial owner of 354,659,000 Shares, Mr. Chau Man Keung is the beneficial owner of 41,366,000 Shares and Mr. Hsu Ching Loi is the beneficial owner of 110,500,000 Shares. Accordingly, the Concerted Controlling Shareholders are each interested in 506,525,000 Shares, representing approximately 50.75% of the entire issued share capital of the Company, together with the Underwritten Shares set out in Note 2 above.
- Mr. Yip Chi Man is the spouse of Ms. Au Suk Han Shirley. By virtue of the SFO, Mr. Yip Chi Man is deemed to be interested in all the Shares in which Ms. Au Suk Han Shirley is interested or deemed to be interested under the SFO.

Other Information

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (CONTINUED)

Save as disclosed above, as at 30 September 2023, none of the Directors nor chief executive of the Company had or was deemed to have any other interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing of directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Directors, as at 30 September 2023, the following persons/entities other than a Director or the chief executive of the Company had interests or short positions in the shares and underlying shares of the Company, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the issued voting shares of the Company:

Long position in Shares as at 30 September 2023

| Name of Shareholders | Capacity/Nature of interest | Number of shares held/ interested | Percentage of the issued share capital of the Company (approximate) |
|----------------------|--|-----------------------------------|---|
| New Metro | Beneficial owner | 354,659,000 | 35.54% |
| | Interest held jointly with another person (Note 1) | 151,866,000 | 15.21% |
| Mr. Chau Man Keung | Beneficial Owner | 41,366,000 | 4.14% |
| | Interest held jointly with another person (Note 1) | 465,159,000 | 46.61% |
| Mr. Hsu Ching Loi | Beneficial Owner | 110,500,000 | 11.07% |
| | Interest held jointly with another person (Note 1) | 396,025,000 | 39.68% |
| Ms. Fung Chi Kuen | Interest of spouse (Note 2) | 506,525,000 | 50.75% |
| Ms. Siu Man Yam | Interest of spouse (Note 3) | 506,525,000 | 50.75% |
| Ms. Ng Lai Nga | Interest of spouse (Note 4) | 506,525,000 | 50.75% |

Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY (CONTINUED)

Notes:

1. Pursuant to the Deed of Acting in Concert Undertaking, each of the Concerted Controlling Shareholders is deemed to be interested in the Shares held by the others. The Concerted Controlling Shareholders are each interested in 506,525,000 Shares, representing approximately 50.75% of the entire issued share capital of the Company, together with the Underwritten Shares.
2. Ms. Fung Chi Kuen is the spouse of Mr. Lam Shing Tai, an executive Director. By virtue of the SFO, Ms. Fung Chi Kuen is deemed to be interested in all the Shares in which Mr. Lam Shing Tai is interested or deemed to be interested under the SFO.
3. Ms. Siu Man Yam is the spouse of Mr. Chau Man Keung. By virtue of the SFO, Ms. Siu Man Yam is deemed to be interested in all the Shares in which Mr. Chau Man Keung is interested or deemed to be interested under the SFO.
4. Ms. Ng Lai Nga is the spouse of Mr. Hsu Ching Loi. By virtue of the SFO, Ms. Ng Lai Nga is deemed to be interested in all the Shares in which Mr. Hsu Ching Loi is interested or deemed to be interested under the SFO.

Save as disclosed above and so far as is known to the Directors, as at 30 September 2023, the Directors were not aware of any other persons who had or deemed or taken to have any interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register of the Company required to be kept under section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the issued voting shares of the Company.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") on 26 February 2018 and no options have been granted, exercised, lapsed or cancelled since then and up to the date of this report. As at 1 April 2023 and 30 September 2023, there was no outstanding share option and the number of options available for grant under the Share Option Scheme is 90,000,000.

The Share Option Scheme shall be valid and effective for a period of 10 years from the adoption date, after which no further options may be issued. A summary of the principal terms of the Share Option scheme is set out in Appendix IV to the Prospectus of the Company dated 13 March 2018.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance in emphasising a quality board of directors, sound internal control, transparency and accountability with a view to safeguard the interests of all the Shareholders. The Board has adopted the principles and the code provisions of Corporate Governance Code (the "CG Code") contained in Appendix 15 to the GEM Listing Rules.

During the six months ended 30 September 2023, save for the deviation from code provision C.2.1 as detailed below, the Company has complied with all the code provisions of the CG Code as set out in Appendix 15 to the GEM Listing Rules.

Other Information

CORPORATE GOVERNANCE PRACTICES (CONTINUED)

Mr. Lam Shing Tai (an executive Director) currently performs both of the roles as the chairman of the Board and the chief executive officer of the Company. This deviates from code provision C.2.1 of the CG Code contained in Appendix 15 to the GEM Listing Rules, which requires that the roles of chairman and the chief executive officer should be separate and should not be performed by the same individual. However, the Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The Board currently comprises four executive Directors (including Mr. Lam) and three independent non-executive Directors and therefore has a fairly strong independence in its composition. Members of the Board meet regularly to discuss issues relating to the operation of the Company in order to provide adequate safeguards to protect the interests of the Company and its shareholders. As all major decisions are made in consultation with the members of the Board, and there are three independent non-executive Directors on the Board offering independent advices, the Board is of the view that there are adequate safeguards in place to ensure sufficient balance of powers and authority within the Board. In addition, after taking into account the past experience of Mr. Lam, the Board is of the opinion that vesting the roles of the chairman of the Board and the chief executive officer of the Company in Mr. Lam helps to facilitate the execution of the Group's business strategies and enhance the effectiveness of its operation. Hence, the aforesaid deviation is appropriate and in the best interest of the Company at the present stage. The Board will continue to review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company.

CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings concerning securities transactions by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Model Code") as its own code governing securities transactions of the Directors. Having made specific enquiry of all the Directors, all of them confirmed that they had fully complied with the required standard of dealings as set out in the Model Code during the six months ended 30 September 2023.

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.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Save as disclosed in the section headed "Use of Proceeds in relation to the Subscription of New Shares under General Mandate", neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during 1H 2023 and up to the date of this report.

COMPETING BUSINESS

Mr. Chau Man Keung as the covenantor has executed a deed of non-competition with the Company (for itself and as trustee for each other member of the Group) on 26 February 2018 (the "Deed of Non-Competition"). Pursuant to the Deed of Non-Competition, Mr. Chau Man Keung has irrevocably and unconditionally undertaken and covenanted with the Company that, during the period that the Deed of Non-Competition remains effective, he shall not, and shall procure his close associates and entities or companies controlled by him (other than any members of the Group) or his close associates will not, during the term of the Deed of Non-Competition, carry on, participate in, invest, be interested, involved or engaged in or acquire or hold any right or interest directly or indirectly in any business in competition with or likely to be in competition with the existing business activity of any member of the Group. Details of the Deed of Non-Competition are set out in the section headed "Relationship with our Controlling Shareholders – Non-competition Undertaking" in the Prospectus.

Other Information

COMPETING BUSINESS (CONTINUED)

Mr. Chau has confirmed that he and his close associates is not engaged in, or interested in, any business (other than the Group) which, directly or indirectly, competes or may compete with the business of the Group.

Each of the executive Directors has undertaken in his service contract, among other things, not to carry on, participate, engage or be engaged or concerned or interested in any business which is in competition with or similar to the business of the Group. Each of the executive Directors confirms that he and his close associates had complied with the non-competition undertakings as set out in their respective service contracts from the date of the service contract during the year ended 31 March 2023.

For the six months ended 30 September 2023, none of the Directors, controlling shareholder or their respective close associates (as defined in the GEM Listing Rules) had any business or interest that competed or might compete either directly or indirectly with the business of the Group and any other conflicts of interests which any such person had or might have with the Group.

AUDIT COMMITTEE AND REVIEW OF UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Company established an audit committee (“Audit Committee”) with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and code provision D.3.3 of the CG Code as set out in Appendix 15 to the GEM Listing Rules. The Audit Committee comprises three independent non-executive Directors, namely Mr. Wong Chun Kwok (“Mr. Wong”), Mr. Ho Kar Ming and Ms. So Shuk Wan. Mr. Wong is the chairman of the Audit Committee. The primary duties of the Audit Committee include reviewing and supervising the Group’s financial reporting system, monitoring the internal control procedures and risk management, reviewing the Group’s financial information and the relationship with the external auditor of the Company, ensuring compliance with the relevant laws and regulations. In addition, the Audit Committee is responsible for the initial establishment and the maintenance of a framework of internal controls and ethical standards for the Group’s management.

The unaudited condensed consolidated financial statements have not been audited. The Audit Committee has reviewed with the management of the Group the unaudited condensed consolidated financial statements, the interim report, the accounting principles and policies adopted by the Group, and other financial reporting matters. The Audit Committee is satisfied that the unaudited condensed consolidated financial statements complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

By order of the Board of
Universe Printshop Holdings Limited
Lam Shing Tai
Chairman and Executive Director

Hong Kong, 10 November 2023

As at the date of this report, the executive Directors are Mr. Lam Shing Tai, Ms. Li Shuang, Mr. Kao Jung and Mr. Yip Chi Man and the independent non-executive Directors are Mr. Wong Chun Kwok, Mr. Ho Kar Ming and Ms. So Shuk Wan.

Interim Results

The Board is pleased to present the unaudited condensed consolidated results of the Group for the six months ended 30 September 2023 together with the unaudited comparative figures for the corresponding periods in 2022 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2023

| | Notes | Unaudited Six months ended 30 September 2023 HK\$ | 2022 HK\$ |
|--|-------|---|--------------|
| Revenue | 3 | 35,916,221 | 50,341,607 |
| Cost of sales | | (30,344,465) | (42,982,983) |
| Gross profit | | 5,571,756 | 7,358,624 |
| Other income | | 89,385 | 3,718,874 |
| Other gains | | 2,442,068 | 226,095 |
| Administrative and other expenses | | (17,075,636) | (20,053,777) |
| Loss from operations | | (8,972,427) | (8,750,184) |
| Finance cost | | (409,310) | (371,997) |
| Loss before taxation | | (9,381,737) | (9,122,181) |
| Income tax expense | 4 | (52,028) | (122,470) |
| TOTAL COMPREHENSIVE LOSS FOR THE PERIOD | | (9,433,765) | (9,244,651) |
| TOTAL COMPREHENSIVE LOSS FOR THE PERIOD | | | |
| ATTRIBUTABLE TO: | | | |
| Owners of the Company | | (9,428,441) | (9,244,651) |
| Non-controlling interests | | (5,324) | – |
| | | (9,433,765) | (9,244,651) |
| | | HK cents | HK cents |
| Loss per share | | | |
| Basic and diluted | 5 | (0.96) | (1.03) |

Unaudited Condensed Consolidated Statement of Financial Position

As at 30 September 2023

| | Notes | Unaudited 30 September 2023 HK\$ | Audited 31 March 2023 HK\$ |
|---|-------|---|-------------------------------------|
| ASSETS AND LIABILITIES | | | |
| Non-current asset | | | |
| Property, plant and equipment | 7 | 5,890,663 | 9,907,115 |
| Right-of-use assets | | 27,475,533 | 7,983,451 |
| Intangible assets | | 465,252 | 492,823 |
| Deposits paid | | 2,266,003 | 1,087,065 |
| Deferred tax assets | | 365,840 | 353,120 |
| | | 36,463,291 | 19,823,574 |
| Current assets | | | |
| Inventories | | 538,343 | 763,520 |
| Trade and other receivables, prepayments and deposits | 8 | 13,369,699 | 5,988,874 |
| Prepaid tax | | 1,279,209 | 1,279,209 |
| Cash and cash equivalents | | 2,512,734 | 4,958,855 |
| | | 17,699,985 | 12,990,458 |
| Current liabilities | | | |
| Trade and other payables and accruals | 9 | 14,904,356 | 19,872,606 |
| Contract liabilities | | 1,372,176 | 1,813,469 |
| Lease liabilities | | 9,798,228 | 7,790,648 |
| Provision for reinstatement cost | | 50,000 | 100,000 |
| | | 26,124,760 | 29,576,723 |
| Net current liabilities | | (8,424,775) | (16,586,265) |
| Total assets less current liabilities | | 28,038,516 | 3,237,309 |

Unaudited Condensed Consolidated Statement of Financial Position

As at 30 September 2023

| | Notes | Unaudited 30 September 2023 HK\$ | Audited 31 March 2023 HK\$ |
|--|-------|---|-------------------------------------|
| Non-current liabilities | | | |
| Lease liabilities | | 17,680,405 | 3,498,956 |
| Deferred tax liabilities | | 483,918 | 419,170 |
| Loan from a shareholder | | 16,250,000 | – |
| | | 34,414,323 | 3,918,126 |
| Net liabilities | | | |
| | | (6,375,807) | (680,817) |
| CAPITAL AND RESERVES | | | |
| Share capital | 10 | 9,980,000 | 9,000,000 |
| Reserves | | (16,359,483) | (9,680,817) |
| Equity attributable to owners of the Company | | (6,379,483) | (680,817) |
| Non-controlling interests | | 3,676 | – |
| Capital deficiency | | (6,375,807) | (680,817) |

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2023

| | Share capital HK\$ | Share premium HK\$ | Capital reserve HK\$ | Accumulated losses HK\$ | Total HK\$ | Non- controlling interests HK\$ | (Capital deficiency)/ Total equity HK\$ |
|---|--------------------------|--------------------------|----------------------------|-------------------------------|---------------|--|---|
| At 1 April 2023 | 9,000,000 | 29,644,379 | 20,077,867 | (59,403,063) | (680,817) | - | (680,817) |
| Share issued, net of transaction costs | 980,000 | 2,749,775 | - | - | 3,729,775 | - | 3,729,775 |
| Capital injection from a non- controlling shareholder of a subsidiary | - | - | - | - | - | 9,000 | 9,000 |
| Total comprehensive loss for the period | - | - | - | (9,428,441) | (9,428,441) | (5,324) | (9,433,765) |
| At 30 September 2023 | 9,980,000 | 32,394,154 | 20,077,867 | (68,831,504) | (6,379,483) | 3,676 | (6,375,807) |
| At 1 April 2022 (audited) | 9,000,000 | 29,644,379 | 20,077,867 | (38,900,257) | 19,821,989 | - | 19,821,989 |
| Loss and total comprehensive income for the period | - | - | - | (9,244,651) | (9,244,651) | - | (9,244,651) |
| At 30 September 2022 (unaudited) | 9,000,000 | 29,644,379 | 20,077,867 | (48,144,908) | 10,577,338 | - | 10,577,338 |

Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2023

| | Unaudited Six months ended 30 September | |
|---|---|---------------------|
| | 2023 HK\$ | 2022 HK\$ |
| Cash flows from operating activities | | |
| Cash used in operations | (4,652,987) | (5,209,468) |
| Tax paid | – | (350,000) |
| Net cash used in operating activities | (4,652,987) | (5,559,468) |
| Cash flows from investing activities | | |
| Payment for the purchase of property, plant and equipment | (2,657,739) | (4,357,360) |
| Proceeds from sales of property, plant and equipment | 5,920,000 | 842,380 |
| Interest received | 4,861 | 4,772 |
| Net cash generated from/(used in) investing activities | 3,267,122 | (3,510,208) |
| Cash flows from financing activities | | |
| Capital element of lease payments | (4,380,721) | (4,565,709) |
| Interest element of lease payments | (409,310) | (371,997) |
| Net proceeds from issue of new shares upon placement | 3,729,775 | – |
| Net cash used in financing activities | (1,060,256) | (4,937,706) |
| Net decrease in cash and cash equivalents | (2,446,121) | (14,007,382) |
| Cash and cash equivalents at the beginning of the period | 4,958,855 | 19,112,762 |
| Cash and cash equivalents at the end of the period | 2,512,734 | 5,105,380 |

Notes to the Unaudited Condensed Consolidated Financial Statements

1 GENERAL INFORMATION

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 Shop B3, G/F, Block 3, Kwun Tong Industrial Centre, 448-458 Kwun Tong Road, Kwun Tong, Hong Kong. Its controlling shareholder is New Metro Inc., a company incorporated in the British Virgin Islands with limited liability, which is wholly owned by Mr. Lam Shing Tai, who is also an executive director of the Company.

The Company is 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.

The unaudited condensed consolidated financial information of the Group for the six months ended 30 September 2023 has not been audited but has been reviewed by the audit committee of the Company. The unaudited condensed consolidated financial information was approved for issue by the Board on 10 November 2023.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basic of preparation and presentation

The unaudited condensed consolidated financial statements for the six months ended 30 September 2023 have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules and the applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which is a collective term including all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The unaudited condensed consolidated financial statements should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2023.

The accounting policies adopted in the preparation of the unaudited condensed consolidated financial statements are same as those applied in the preparation of the Group’s annual financial statements for the year ended 31 March 2023, except for the new and revised HKFRSs and interpretations issued by HKICPA that are first effective for the current accounting period of the Company. There has been no significant change to the accounting policy applied in these unaudited condensed consolidated financial statements for the period presented as a result of adoption of these amendments.

The unaudited condensed consolidated financial statements have been prepared under the historical cost basis.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company.

Notes to the Unaudited Condensed Consolidated Financial Statements

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are the provision of general printing services and trading of printing products. The amount of each significant category of revenue is as follows:

| | Unaudited Six months ended 30 September | |
|---|---|------------|
| | 2023 | 2022 |
| | HK\$ | HK\$ |
| Revenue from contracts with customers within the scope of HKFRS 15 | | |
| Timing of revenue recognition – At a point in time | | |
| – Offset printing | 26,147,120 | 38,414,190 |
| – Toner-based digital printing | 3,454,040 | 3,714,583 |
| – Ink-jet printing | 5,970,646 | 7,599,627 |
| – Other services | 344,415 | 613,207 |
| | <hr/> | <hr/> |
| | 35,916,221 | 50,341,607 |

The Group's customer base is diversified with no customer with whom the amount of sale transactions has exceeded 10% of the Group's revenue for the six months ended 30 September 2023 (2022: nil).

The Group has applied the practical expedients in HKFRS 15 to recognise revenue and not to disclose the remaining performance obligations for the contract of sales of goods.

(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. 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 allocates resources and assesses performance of the Group on an aggregated basis based on such information. Therefore, 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 are located in Hong Kong.

Notes to the Unaudited Condensed Consolidated Financial Statements

4 INCOME TAX EXPENSE

| | Unaudited Six months ended 30 September | |
|--|---|----------------|
| | 2023 HK\$ | 2022 HK\$ |
| Current tax | | |
| Provision for Hong Kong Profits Tax for the period | – | – |
| Deferred tax | | |
| Charged to profit or loss | 52,028 | 122,470 |
| | <u>52,028</u> | <u>122,470</u> |

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 of Hong Kong Profits Tax, is calculated at tax rate of 16.5% on the estimated assessable profits for the year, except for the qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 of assessable profits of the qualifying entity are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

5 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\$9,428,441 (2022: HK\$9,244,651) and the weighted average number of ordinary shares in issue of 980,863,388 during the period (2022: 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 dilutive potential ordinary shares for both periods.

6 DIVIDEND

The board does not recommend the payment of dividend for the six months ended 30 September 2023 (2022: nil).

7 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2023, the Group acquired property, plant and equipment of HK\$0.79 million (2022: HK\$4.4 million).

Notes to the Unaudited Condensed Consolidated Financial Statements

8 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

| | Unaudited At 30 September 2023 HK\$ | Audited At 31 March 2023 HK\$ |
|--------------------------------|---|---|
| Trade receivables | 4,972,299 | 4,502,459 |
| Less: Loss allowance | (1,154,769) | (1,116,807) |
| | 3,817,530 | 3,385,652 |
| Other receivables and deposits | 8,454,860 | 1,976,827 |
| Prepayments | 1,097,309 | 626,395 |
| | 13,369,699 | 5,988,874 |

Ageing analysis

At 30 September 2023 and 31 March 2023, the ageing analysis of trade receivables, based on invoice date and net of allowance for doubtful debts, is as follows:

| | Unaudited At 30 September 2023 HK\$ | Audited At 31 March 2023 HK\$ |
|----------------|---|---|
| Within 1 month | 1,242,442 | 1,536,002 |
| 1 to 2 months | 1,013,410 | 570,682 |
| 2 to 3 months | 423,177 | 141,237 |
| Over 3 months | 1,138,501 | 1,137,731 |
| | 3,817,530 | 3,385,652 |

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

Notes to the Unaudited Condensed Consolidated Financial Statements

9 TRADE AND OTHER PAYABLES AND ACCRUALS

| | Unaudited At 30 September 2023 HK\$ | Audited At 31 March 2023 HK\$ |
|-------------------------------------|---|---|
| Trade payables | 9,163,214 | 15,572,702 |
| Other payables and accruals | 3,256,490 | 1,763,950 |
| Accrual for staff costs | 1,863,544 | 1,735,224 |
| Provision for long service payments | 621,108 | 800,730 |
| | 14,904,356 | 19,872,606 |

At 30 September 2023 and 31 March 2023, the ageing analysis of trade payables based on the invoice date is as follows:

| | Unaudited At 30 September 2023 HK\$ | Audited At 31 March 2023 HK\$ |
|----------------|---|---|
| Within 1 month | 6,540,318 | 4,471,770 |
| 1 to 2 months | 2,448,478 | 3,859,788 |
| 2 to 3 months | 36,995 | 3,411,942 |
| Over 3 months | 137,423 | 3,829,202 |
| | 9,163,214 | 15,572,702 |

Notes to the Unaudited Condensed Consolidated Financial Statements

10 SHARE CAPITAL

| | Note | Par value HK\$ | Number of shares | Amount HK\$ |
|--|------|-------------------|---------------------|----------------|
| Authorised: | | | | |
| At 31 March 2023 and 30 September 2023 | | 0.01 | 2,000,000,000 | 20,000,000 |
| At 31 March 2023 | | 0.01 | 900,000,000 | 9,000,000 |
| Issue of shares on placement | (a) | 0.01 | 98,000,000 | 980,000 |
| At 30 September 2023 | | | 998,000,000 | 9,980,000 |

Note:

- (a) On 19 April 2023, the Company entered into a subscription agreement with subscribers, pursuant to which, the Company has conditionally agreed to allot and issue, and the subscribers have conditionally agreed to subscribe for, a total of 98,000,000 subscription shares at the subscription price of HK\$0.04 per subscription share.

On 3 May 2023, all the conditions precedent to completion set out in the subscription agreement have been fulfilled. The gross proceeds and net proceeds (after deducting the expenses related to the subscription) from the subscription are HK\$3.92 million and approximately HK\$3.73 million respectively. The Company used all the net proceeds from the issue of the subscription shares to settle its current liabilities such as trade and other payables and accruals of the Group.

Notes to the Unaudited Condensed Consolidated Financial Statements

11 MATERIAL RELATED PARTY TRANSACTIONS

In addition to transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following material related party transactions.

(a) Key management personnel remuneration

All members of key management personnel are the directors of the Group and their remuneration is as follows:

| | Unaudited Six months ended 30 September | |
|---|---|-----------|
| | 2023 | 2022 |
| | HK\$ | HK\$ |
| Directors' fee | 564,000 | 216,000 |
| Salaries, allowances and benefits in kind | 966,000 | 1,332,000 |
| Discretionary bonuses | – | – |
| Retirement scheme contributions | 18,000 | 36,000 |
| | <hr/> | <hr/> |
| | 1,548,000 | 1,584,000 |

(b) Transactions with related parties

| | Unaudited Six months ended 30 September | |
|---|---|-----------|
| | 2023 | 2022 |
| | HK\$ | HK\$ |
| Lease payments made to the following related companies which are controlled by a former executive director | | |
| – Universe Printing Company Limited | – | 1,309,000 |
| – Universe Samfine Limited | – | 190,000 |
| | <hr/> | <hr/> |
| Salaries and retirement scheme contribution paid to: | | |
| – Ms. NG Lai Nga, spouse of a former executive director | 75,000 | 150,000 |
| – Ms. SIU Man Yam, spouse of a former executive director | – | 48,000 |