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 2024

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

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, 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$69.9 million for the year ended 31 March 2024, representing a decrease of approximately 26.8% as compared to that for the year ended 31 March 2023.

- The Group recorded a total comprehensive loss attributable to equity holders of the Company of approximately HK$28.4 million in FY2024 as compared to approximately HK$20.5 million recorded in FY2023. Excluding the impact of one-off items in the respective financial periods, the net operating loss was approximately HK$22.7 million in FY2024, compared to approximately HK$21.2 million in FY2023.

  The one-off items in FY2024 included (i) an impairment loss on property, plant and equipment, right-of-use assets and intangible assets of approximately HK$6.5 million (FY2023: HK$2.4 million); (ii) legal and professional fees related to the Group's fundraising activities and notifiable transactions of approximately HK$0.7 million (FY2023: HK$1.4 million); (iii) a gain on modification of leases for retail shops and machinery of approximately HK$0.6 million (FY2023: HK$0.2 million); (iv) a gain on disposal of property, plant and equipment of approximately HK$0.9 million (FY2023: HK$1.0 million); and (v) government subsidies of approximately HK$13,000 (FY2023: HK$3.3 million).

- The Board does not recommend the payment of final dividend for the year ended 31 March 2024.

ANNUAL RESULTS

The board of Directors (the "Board") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2024 together with the comparative figures for the year ended 31 March 2023. 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 2024 but are extracted from those financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2024

	Notes	**2024** **HK$**	2023 *HK$*
Revenue	*4*	**69,930,379**	95,473,879
Cost of sales		**(60,513,603)**	(80,781,580)
Gross profit		**9,416,776**	14,692,299
Other income	*5*	**189,875**	3,875,812
Other gains	*5*	**1,509,954**	1,184,460
Administrative and other expenses		**(32,915,143)**	(36,978,233)
Impairment loss on property, plant and equipment, right-of-use assets and intangible assets		**(6,500,000)**	(2,390,000)
Loss from operations		**(28,298,538)**	(19,615,662)
Finance cost	*6(a)*	**(1,198,457)**	(824,601)
Loss before taxation	*6*	**(29,496,995)**	(20,440,263)
Income tax credit/(expense)	*7*	**826,425**	(62,543)
Loss and total comprehensive income for the year		**(28,670,570)**	(20,502,806)
Loss and total comprehensive income for the year attributable to:			
Equity holders of the Company		**(28,437,446)**	(20,502,806)
Non-controlling interests		**(233,124)**	–
		(28,670,570)	(20,502,806)
		HK cents	*HK cents* (Restated)
Loss per share	*8*		
Basic and diluted		**(9.6)**	(9.9)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	Notes	2024 HK$	2023 HK$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**4,317,822**	9,907,115
Right-of-use assets		**20,546,583**	7,983,451
Intangible assets		**346,975**	492,823
Deposits paid		**3,664,383**	1,087,065
Deferred tax assets		**760,375**	353,120
		29,636,138	19,823,574
Current assets			
Inventories		**753,210**	763,520
Trade and other receivables, prepayments and deposits	*10*	**11,065,545**	5,988,874
Prepaid tax		**1,282,010**	1,279,209
Cash and cash equivalents		**9,778,940**	4,958,855
		22,879,705	12,990,458
Current liabilities			
Trade and other payables and accruals	*11*	**9,117,658**	19,872,606
Contract liabilities		**1,965,728**	1,813,469
Loan from a shareholder		**6,440,000**	–
Amount due to a director		**3,321,592**	–
Lease liabilities		**8,842,877**	7,790,648
Provision for reinstatement cost		**40,000**	100,000
		29,727,855	29,576,723
Net current liabilities		**(6,848,150)**	(16,586,265)
Total assets less current liabilities		**22,787,988**	3,237,309

	Note	2024	2023
		HK$	*HK$*
Non-current liabilities			
Lease liabilities		**15,649,332**	3,498,956
Deferred tax liabilities		**–**	419,170
		15,649,332	3,918,126
Net assets/(liabilities)		**7,138,656**	(680,817)
CAPITAL AND RESERVES			
Share capital	*12*	**24,950,000**	9,000,000
Reserves		**(17,634,535)**	(9,680,817)
Equity attributable to equity holders of the Company		**7,315,465**	(680,817)
Non-controlling interests		**(176,809)**	–
Total equity/(Capital deficiency)		**7,138,656**	(680,817)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

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 2nd floor, Tsing Yi Industrial Centre Phase 1, No. 1 to 33 Cheung Tat Road, Tsing Yi, New Territories, Hong Kong.

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.

The Company's parent is New Metro Inc., a company incorporated in the British Virgin Islands with limited liability. In the opinion of the directors, New Metro Inc. is also the ultimate parent undertaking of the Company.

2 ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new or revised HKFRSs – effective 1 April 2023

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 April 2023:

HKFRS 17	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

Except as disclosed below, the adoption of the above new or amendments to HKFRSs that are effective for the current reporting period did not have any significant impact on the Group's financial statements.

Disclosure of Accounting Policies — Amendments to HKAS 1 and HKFRS Practice Statement 2

The amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting polices. The amendments to HKFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their "significant accounting policies" with a requirement to disclose their "material accounting policy information" and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy information.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) New HKICPA guidance on accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong

In June 2022, Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 ("the Amendment Ordinance") was gazetted. The Amendment Ordinance abolishes the use of the accrued benefits derived from employers' mandatory contributions under the mandatory provident fund ("MPF") to offset severance payment ("SP") and long service payments ("LSP") ("the Abolition"). Subsequently, the Government of HKSAR announced that the Abolition will take effect on 1 May 2025 ("the Transition Date"). The following key changes will take effect since the Transition Date:

- Accrued benefits derived from employers' mandatory MPF contributions cannot be used to offset the LSP/SP in respect of the employment period after the Transition Date.

- The pre-transition LSP/SP is calculated using the last month's salary immediately preceding the Transition Date, instead of using the salary of employment termination date.

Due to the complexities of the accounting for the offsetting of employer's MPF contributions and its LSP obligation and hence the impact arising from the Abolition, in July 2023 the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" ("the Guidance") to provide guidance to account for the offsetting mechanism and the Abolition. The HKICPA concluded that there are two acceptable accounting approaches, being:

Approach 1: Account for the amount expected to be offset as a deemed employee contribution towards that employee's LSP benefits in terms of Hong Kong Accounting Standard 19.93(a)

Approach 2: Account for the employer MPF contributions and the offsetting mechanism as a funding mechanism for the LSP obligation

For the years ended 31 March 2023 and 2024, the Group's LSP liability after the expected offsetting under the MPF-LSP offsetting mechanism is immaterial. Application of the Guidance had no material effect on the consolidated financial statements of the Group.

(c) 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 consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKAS 1	Non-current Liabilities with Covenants[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[1]
HK Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[1]
Amendments to HKFRS 16	Lease Liabilities in a Sale and Leaseback[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 21	Lack of Exchangeability[2]

1 Effective for annual periods beginning on or after 1 January 2024

2 Effective for annual periods beginning on or after 1 January 2025

3 The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined

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 have accessed the possible impact of these new or revised standards on the Group's results and financial position in the first year of application. The directors consider that these new or revised HKFRSs are not yet effective are unlikely to have a material impact to the Group's results and financial position upon application.

3 STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with HKFRSs, which collective term includes all individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance which concern the preparation of financial statements. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

Going concern assumption

The Group incurred a net loss of HK$28,670,570 and had net cash outflow from operating activities of HK$32,839,105 for the year ended 31 March 2024 and as of that date, the Group had net current liabilities of HK$6,848,150. When assessing the appropriateness of the use of the going concern basis for the purpose of the preparation of these consolidated financial statements, the directors have prepared a cash flow forecast covering a period of 15 months from the end of the reporting period ("Cash Flow Forecast"). In preparing the Cash Flow Forecast, the directors have given careful consideration of the future liquidity and performance of the Group and available sources of finance in assessing whether the Group will have sufficient resources to continue as a going concern. The following plans and measures for mitigating the liquidity pressure and improving the financial position of the Group have been considered in the Cash Flow Forecast:

(i) To improve the Group's gross margin, the management has planned to expand digital printing service and acquired 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. In August 2023, the Group entered into a number of lease agreements to rent certain premises at Kwun Tong to streamline its production process by consolidating certain existing production facilities and the aforesaid new printing machines in order to enhance production efficiency. At the same time, the Group entered into a production agreement with a landlord for providing printing services and expected to generate sales from this production agreement. Due to the early termination of the production agreement and the lease arrangements in November 2023, the Group had to identify alternative space for setting up its consolidated production facilities. This disruption significantly affected the Group's production capabilities and revenue generation during the financial year. The Group has now secured a rental agreement for a property at Tsing Yi, and the directors anticipate that the new production site will be ready for operation in the second quarter of the financial year ending 31 March 2025.

(ii) The Group has adopted and will continue to adopt a series of measures to control costs and to enhance cash flows, includes reducing operating costs by streamlining workflows and tightening advertising and promotion expenditures.

(iii) An interest-free loan facility (the "Loan Facility") of HK$15,000,000 has been granted to the Company by Mr. Lam Shing Tai ("Mr. Lam"), being the 100% owner of New Metro Inc., which is the controlling shareholder of the Company, to provide additional funding to the Group. Under the Loan Facility, the Group is not required to repay outstanding balance until such time when repayment will not affect the Group's ability to repay other creditors in normal course of business. As at the approval date of these consolidated financial statements, the Group had unutilised Loan Facility of HK$8,560,000.

In the opinion of the directors, taking into account the above plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due. Accordingly, the directors consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, the use of the going concern basis depends on successful implementation of the above plans and measure that there are uncertainties inherently associated with their future outcomes, that include (1) carrying out the Group's business plan and costs control measures successfully as mentioned in notes (i) and (ii) above and generating the necessary net operating cash inflows during the forecast period; and (2) obtaining of funding successfully, as and when needed, from Mr. Lam as mentioned in note (iii) above and Mr. Lam honoring its undertaking to the Group. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern, and therefore, that it may be unable to realise its assets or discharge its liabilities in the normal course of business.

Should the Group fail to achieve the above plans and measures, it might not be able to continue as a going concern, and adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further financial liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

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 revenue of each printing products is as follows:

	2024	2023
	HK$	*HK$*
Revenue from contracts with customers within the scope of HKFRS 15		
Timing of revenue recognition – At a point in time		
– Offset printing	**51,696,557**	72,458,817
– Toner-based digital printing	**6,281,204**	6,984,808
– Ink-jet printing	**10,693,452**	14,625,255
– Other printing related products	**1,259,166**	1,404,999
	69,930,379	95,473,879

The Group's customer base is diversified with no customer with whom the amount of sale transactions have exceeded 10% of the Group's revenue for the year ended 31 March 2024 and 2023.

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 allocate resources and assess performance of the Group on an aggregated basis based on such information. Therefore, only entity-wide disclosures, major customers and geographical information are presented.

The Group's revenue is solely derived from external customers based in Hong Kong, which is the location at which products are delivered, and 96.5% (2023: 100%) of the Group's non-current assets are located in Hong Kong.

5 OTHER INCOME AND OTHER GAINS

	2024	2023
	HK$	*HK$*
Other income		
Interest income from bank	**10,089**	8,364
Scrap sale income	**12,870**	248,040
Government grant *(note)*	**12,814**	3,341,600
Sundry income	**154,102**	277,808
	189,875	3,875,812
Other gains		
Net exchange gain	**14**	–
Gain on disposal of property, plant and equipment	**944,417**	998,847
Gain on lease modification	**565,523**	185,613
	1,509,954	1,184,460

Note:

During the year ended 31 March 2023, the Group received government grants of (i) HK$2,741,600 in total from Employment Support Scheme ("ESS") under the Anti-epidemic Fund launched by the HKSAR Government; and (ii) HK$600,000 from Technology Voucher Programme ("TVP") launched by the Innovation and Technology Commission. 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:

		2024	2023
		HK$	*HK$*
(a)	**Finance cost**		
	Interest on lease liabilities	**1,198,457**	824,601
(b)	**Staff costs (including directors' remuneration)#**		
	Salaries, wages and other benefits	**19,626,650**	25,011,337
	Contributions to defined contribution retirement plans^	**702,030**	1,012,896
		20,328,680	26,024,233
(c)	**Other items**		
	Auditor's remuneration	**530,000**	495,000
	Cost of inventories recognised as expenses#	**60,513,603**	80,781,580
	Depreciation of property, plant and equipment#	**1,508,477**	2,369,766
	Depreciation of right-of-use assets#	**6,789,195**	7,848,545
	Amortisation of intangible assets	**52,274**	38,576
	Short-term leases expense	**880,983**	592,946
	Impairment loss recognised on trade receivables *(note 10(b))*	**202,559**	300,463

Cost of inventories included the amounts of HK$2,909,517, HK$621,300 and HK$2,179,772 (2023: HK$5,360,285, HK$1,397,770 and HK$2,694,513) 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.

^ For the year ended 31 March 2024, no forfeited contribution in respect of the defined contribution retirement plans were utilised by the Group to reduce the contribution payable to the plans (2023: nil). As at 31 March 2024, no forfeited contribution under these plans is available to reduce future contribution (2023: nil).

7 INCOME TAX (CREDIT)/EXPENSE

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

	2024	2023
	HK$	*HK$*
Current tax		
Hong Kong Profits Tax for the year	**–**	–
Deferred tax		
(Credit)/charged to profit or loss	**(826,425)**	62,543
Income tax (credit)/expense	**(826,425)**	62,543

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%.

Mainland China corporate income tax has been provided for at the rate of 25% on the estimated assessable profits for the Group's operations in Mainland China.

8 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share was based on the loss attributable to equity holders of the Company of HK$28,437,446 (2023: HK$20,502,806) and the weighted average number of ordinary shares in issue of 296,188,372 during the year (2023: 206,280,000). The weighted average number of ordinary shares for the purpose of calculating basic loss per share for the years ended 31 March 2024 and 2023 has been adjusted/restated to reflect the effect of the Share Consolidation and the bonus element in the Rights Issue took place during the year ended 31 March 2024 as disclosed in note 12.

(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 in issue during the current year and in prior year.

9 DIVIDEND

No dividend was paid or proposed during the year, nor has any dividend been proposed since the end of the reporting period (2023: Nil).

10 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2024	2023
	HK$	*HK$*
Trade receivables	**5,949,926**	4,502,459
Less: Loss allowance *(note (b))*	**(1,319,366)**	(1,116,807)
	4,630,560	3,385,652
Other receivables	**8,640**	1,036,750
Deposits *(note (c))*	**8,974,683**	1,491,265
Finance lease receivables	**233,334**	535,877
Prepayments	**882,711**	626,395
	14,729,928	7,075,939
Less: non-current portion deposits	**(3,664,383)**	(1,087,065)
	11,065,545	5,988,874

(a) Ageing analysis of trade receivables

At 31 March 2024, the ageing analysis of trade receivables, based on invoice date and net of allowance for impairment, is as follows:

	2024	2023
	HK$	*HK$*
Within 1 month	**1,037,909**	1,536,002
1 to 2 months	**364,195**	570,682
2 to 3 months	**480,086**	141,237
Over 3 months	**2,748,370**	1,137,731
	4,630,560	3,385,652

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

(b) Impairment of trade receivables

The movements in loss allowance for impairment of trade receivables during the reporting period are as follows:

	2024	2023
	HK$	*HK$*
At the beginning of the reporting period	**1,116,807**	816,344
Impairment loss recognised	**202,559**	300,463
At the end of the reporting period	**1,319,366**	1,116,807

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

(c) As at 31 March 2024, the carrying amount of deposits mainly includes the deposits for subcontracting services of HK$2,000,000 (2023: nil), deposits for leasehold improvements of HK$1,343,900 (2023: nil) and deposits for purchasing printing machinery of HK$3,249,700 (2023: nil).

11 TRADE AND OTHER PAYABLES AND ACCRUALS

	2024	2023
	HK$	*HK$*
Trade payables	**4,942,652**	15,572,702
Other payables and accruals	**2,640,828**	1,763,950
Accrual for staff costs	**1,159,250**	1,735,224
Provision for long service payments	**374,928**	800,730
	9,117,658	19,872,606

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

	2024	2023
	HK$	*HK$*
Within 1 month	**4,572,167**	4,471,770
1 to 2 months	**167,919**	3,859,788
2 to 3 months	**93,841**	3,411,942
Over 3 months	**108,725**	3,829,202
	4,942,652	15,572,702

12 SHARE CAPITAL

	Par value	Number of shares	Amount
	HK$		*HK$*
Authorised:			
At 1 April 2022 and 31 March 2023	**0.01**	**2,000,000,000**	**20,000,000**
Increase in authorised share capital *(note (ii))*	**0.01**	**18,000,000,000**	**180,000,000**
Share Consolidation *(note (iii))*		**(16,000,000,000)**	**–**
At 31 March 2024	**0.05**	**4,000,000,000**	**200,000,000**
Issued and fully paid:			
At 1 April 2022 and 31 March 2023	**0.01**	**900,000,000**	**9,000,000**
Issue of shares under subscription agreement *(note (i))*	**0.01**	**98,000,000**	**980,000**
Share Consolidation *(note (iii))*		**(798,400,000)**	**–**
Issue of shares upon completion of Rights Issue *(note (iv))*	**0.05**	**299,400,000**	**14,970,000**
At 31 March 2024	**0.05**	**499,000,000**	**24,950,000**

Note:

(i) On 19 April 2023, the Company entered into a subscription agreement ("Subscription Agreement") with independent third parties ("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 shares of the Company at the subscription price of HK$0.04 per subscription share ("Subscription"). The conditions of the Subscription Agreement have been fulfilled and completion took place on 3 May 2023.

(ii) On 3 October 2023, the Board proposed to increase the authorised share capital of the Company from HK$20,000,000 divided into 2,000,000,000 shares to HK$200,000,000 divided into 20,000,000,000 shares by the creation of an additional 18,000,000,000 new shares. The increase in authorised share capital was approved by the shareholders at the extraordinary general meeting ("EGM') of the Company held on 21 December 2023 and became effective on the same date.

(iii) On 3 October 2023, the Board proposed that every five shares in the issued and unissued share capital of the Company be consolidated into one consolidated share of par value of HK$0.05 (the "Share Consolidation"). The Share Consolidation was approved by the shareholders at the EGM of the Company held on 21 December 2023 and the same became effective on 27 December 2023.

(iv) On the basis of three rights share for every two consolidated shares held by qualifying shareholders, 299,400,000 right shares at HK$0.115 per share were allotted and issued upon the completion of the rights issue (the "Right Issue") on 6 February 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

The Group primarily offers printing services to its clients, which include offset printing, ink-jet printing and toner-based digital printing. In addition to these printing services, the Group also provides other printing-related products such as pre-ink stamps, plastic name-cards, printed eco-bags and printed plastic folders.

For the year ended 31 March 2024 ("FY2024"), the Group reported revenue of approximately HK$69.9 million, reflecting a decrease of approximately 26.8% compared to the revenue of approximately HK$95.5 million for the year ended 31 March 2023 ("FY2023"). The Group experienced a total comprehensive loss attributable to equity holders of the Company of approximately HK$28.4 million in FY2024, compared to a total comprehensive loss attributable to equity holders of the Company of approximately HK$20.5 million in FY2023. Excluding the impact of one-off items in the respective financial periods, the net operating loss was approximately HK$22.7 million in FY2024, compared to approximately HK$21.2 million in FY2023.

The one-off items in FY2024 included (i) an impairment loss on property, plant and equipment, right-of-use assets and intangible assets of approximately HK$6.5 million (FY2023: HK$2.4 million); (ii) legal and professional fees related to the Group's fundraising activities and notifiable transactions of approximately HK$0.7 million (FY2023: HK$1.4 million); (iii) a gain on modification of leases for retail shops and machinery of approximately HK$0.6 million (FY2023: HK$0.2 million); (iv) a gain on disposal of property, plant and equipment of approximately HK$0.9 million (FY2023: HK$1.0 million); and (v) government subsidies of approximately HK$13,000 (FY2023: HK$3.3 million).

The ongoing economic downturn in Hong Kong has posed significant challenges for our business during FY2024. Despite these formidable obstacles, we have remained unwavering in our commitment to sustainability, innovation and excellence.

Our primary focus has been on adapting our operations to the rapidly shifting landscape. This included leveraging new technologies and optimising our processes to maintain efficiency and quality in our services. We have also continued to invest in sustainable practices, reinforcing our dedication to environmental responsibility even in the face of economic adversity.

During FY2024, we faced additional operational challenges due to the early termination of a production agreement and lease arrangements announced by the Company in November 2023, which necessitated relocating our factory twice. This disruption significantly affected our production capabilities. However, as set out in the announcement of the Company dated 20 November 2023, we have then secured a rental agreement for a property in Tsing Yi, and we anticipate that our new production site will be ready for operation in the second quarter of the year ending 31 March 2025.

Looking ahead, we are excited to announce the expansion of our printing business into mainland China starting from the year ending 31 March 2025. This strategic move is expected to open up new opportunities and broaden our market reach. In addition to our core printing services, we will also be engaging in the supply of raw materials and equipment for the printing industry, further diversifying our portfolio and strengthening our position in the market. We are optimistic that these initiatives will drive growth and enhance our competitive edge in the coming years.

Financial Review

Revenue

In FY2024, the Group's total revenue experienced a decline of approximately HK$25.5 million or approximately 26.8%, with total revenue amounting to approximately HK$69.9 million, as compared to approximately HK$95.5 million in FY2023. 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. In FY2024, the total cost of sales decreased from approximately HK$80.8 million in FY2023 to approximately HK$60.5 million. This decrease was the combined results of (i) the lower volume of sales orders, which was in line with the decline in revenue; and (ii) the relocation of the Group's production facilities increased reliance on subcontracting services and significantly impacted the Group's cost structure.

Gross profit and gross profit margin

The Group's gross profit decreased from approximately HK$14.7 million in FY2023 to approximately HK$9.4 million in FY2024. This decrease was in line with the decline in revenue. The gross profit margin also decreased from approximately 15.4% in FY2023 to approximately 13.5% in FY2024. This was primarily due to (i) the increase in per unit fixed costs resulting from the reduced production volume; and (ii) the relocation of the Group's production facilities increased reliance on subcontracting services and significantly impacted the Group's cost structure, leading to a decline in overall profitability.

Other income

The Group's other income decreased significantly from approximately HK$3.9 million in FY2023 to approximately HK$190,000 in FY2024. The primary reason behind this decrease is the significant decline in government subsidies by approximately HK$3.3 million from FY2023 to FY2024. The subsidies granted to us during FY2023 represented government grants 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 launched by the Innovation and Technology Commission.

Other gains

Other gains increased from approximately HK$1.2 million in FY2023 to approximately HK$1.5 million in FY2024, which substantially represented the (i) gain on disposal of property, plant and equipment of approximately HK$0.9 million in FY2024 (FY2023: HK$1.0 million); and (ii) gain on modification of leases for retail shops and machinery of approximately HK$0.6 million (FY2023: 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$32.9 million in FY2024, which represented a decrease of approximately HK$4.1 million or approximately 11.0% as compared to approximately HK$37.0 million in FY2023. The decrease in administrative and other expenses was mainly attributable to the decrease in staff costs, depreciation and legal and professional fees.

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

The Group has recognised a significant increase in impairment on assets (including property, plant and equipment, right-of-use assets and intangible assets) of approximately HK$6.5 million to the recoverable amounts based on the impairment assessment for FY2024 (FY2023: HK$2.4 million). This is primarily due to a revised financial budget that reflects the Group's current assessment of the economic and market conditions specific to the local market in Hong Kong.

The economic environment in Hong Kong has faced considerable challenges, leading to a reassessment of asset values based on projected cash flows and market conditions within the region. As a result, the impairment calculations have been updated to align with these local market conditions.

It is important to note that this impairment assessment is limited to the local market in Hong Kong. While we are actively exploring opportunities in other markets, particularly in mainland China, these potential expansions and their positive impacts have not been factored into the current impairment assessment.

We remain optimistic about our future prospects and are committed to diversifying and expanding our market presence beyond Hong Kong. Nonetheless, the current financial report prudently reflects the economic realities of our primary operating environment as of now.

Finance cost

The finance cost of the Group increased from approximately HK$0.8 million for FY2023 to approximately HK$1.2 million for FY2024, which is primarily attributed to the entering into of a hire purchasing agreement for the acquisition of two new printing machinery units (please refer to the circular of the Company dated 31 May 2023).

Loss and total comprehensive income for the year attributable to equity holders of the Company

The total comprehensive loss attributable to equity holders of the Company was approximately HK$28.4 million in FY2024 as compared to approximately HK$20.5 million recorded in FY2023. Excluding the impact of one-off items in the respective financial periods, the net operating loss was approximately HK$22.7 million in FY2024, compared to approximately HK$21.2 million in FY2023. The one-off items in FY2024 included (i) an impairment loss on property, plant and equipment, right-of-use assets and intangible assets of approximately HK$6.5 million (FY2023: HK$2.4 million); (ii) legal and professional fees related to the Group's fundraising activities and notifiable transactions of approximately HK$0.7 million (FY2023: HK$1.4 million); (iii) a gain on modification of leases for retail shops and machinery of approximately HK$0.6 million (FY2023: HK$0.2 million); (iv) a gain on disposal of property, plant and equipment of approximately HK$0.9 million (FY2023: HK$1.0 million); and (v) government subsidies of approximately HK$13,000 (FY2023: HK$3.3 million).

Property, plant and equipment

Property, plant and equipment decreased from approximately HK$9.9 million as at 31 March 2023 to approximately HK$4.3 million as at 31 March 2024, which was mainly due to (i) the disposal of a six-colour offset press in April 2023 (please refer to the announcement of the Company dated 18 April 2023); and (ii) an impairment made for the property, plant and equipment.

Right-of-use assets

As at 31 March 2024, right-of-use assets amounted to approximately HK$20.5 million, representing an increase of approximately 157.4% as compared with that of approximately HK$8.0 million as at 31 March 2023, which was primarily attributable to the combined effects of (i) 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 (please refer to the circular of the Company dated 31 May 2023); (ii) rights-of-use assets recognised for Tsing Yi production site of HK$5.1 million; (iii) depreciation charge of HK$6.8 million and (iv) an impairment made for the right-of-use assets of HK$5.2 million.

Intangible assets

The intangible assets of the Group decreased from approximately HK$0.5 million as at 31 March 2023 to approximately HK$0.3 million as at 31 March 2024. The decrease was primarily due to the impairment made for intangible assets.

Deposits paid

The deposits paid of the Group increased from approximately HK$1.1 million as at 31 March 2023 to approximately HK$3.7 million as at 31 March 2024. 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$11.1 million as at 31 March 2024, which was primarily due to the increase in trade receivables and deposits paid to a subcontractor. The trade receivables (net of allowance for doubtful debts) of the Group increased from approximately HK$3.4 million as at 31 March 2023 to approximately HK$4.6 million as at 31 March 2024. The increase was mainly due to a potential dispute with a customer on transaction amount amounting to approximately HK$1.2 million. Other receivables, prepayments, finance lease receivables and deposits (current portion) increased from approximately HK$2.6 million as at 31 March 2023 to approximately HK$6.4 million as at 31 March 2024, which was mainly due to the deposits paid to a subcontractor.

Cash and cash equivalents

The cash and cash equivalents of the Group increased from approximately HK$5.0 million as at 31 March 2023 to approximately HK$9.8 million as at 31 March 2024, which was mainly attributable to the net proceeds from the Rights Issue (as defined below).

Trade and other payables and accruals

The trade and other payables and accruals of the Group decreased from approximately HK$19.9 million as at 31 March 2023 to approximately HK$9.1 million as at 31 March 2024. The decrease was primarily due to the utilisation of approximately HK$8.7 million from the net proceeds of the Rights Issue to settle these payables.

Lease liabilities

The total lease liabilities of the Group increased from approximately HK$11.3 million as at 31 March 2023 to approximately HK$24.5 million as at 31 March 2024. 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 (please refer to the circular of the Company dated 31 May 2023).

Liquidity, financial resources and capital structure

As at 31 March 2024, the Group had net current liabilities of approximately HK$6.8 million (31 March 2023: HK$16.6 million), of which the cash and cash equivalents were approximately HK$9.8 million (31 March 2023: HK$5.0 million). The Group's current ratio as at 31 March 2024 was approximately 0.77 (31 March 2023: 0.44).

Total lease liabilities for the Group amounted to approximately HK$24.5 million as at 31 March 2024 (31 March 2023: HK$11.3 million). The gearing ratio as at 31 March 2024 was approximately 4.8 which is calculated on the basis of the Group's total lease liabilities of HK$24.5 million, loan from a shareholder of HK$6.4 million and amount due to a director of HK$3.3 million over the total equity. As at 31 March 2024, the Group recorded (i) net assets of approximately HK$7.1 million, (ii) lease liabilities in the amount of approximately HK$8.8 million, loan from a shareholder of HK$6.4 million and amount due to a director of HK$3.3 million which were due within one year, and (iii) lease liabilities in the amount of approximately HK$15.7 million which were due after one year.

The share capital of the Group only comprises of ordinary shares.

As at 31 March 2024, the Company's issued share capital was HK$24,950,000 (31 March 2023: HK$9,000,000) and the number of its issued ordinary shares was 499,000,000 (31 March 2023: 900,000,000) of HK$0.05 each (31 March 2023: HK$0.01 each).

On 3 May 2023, a total of 98,000,000 new ordinary shares of the Company of HK$0.01 each (the "Subscription Shares") (equivalent to 19,600,000 shares of HK$0.05 each after the share consolidation took effect on 27 December 2023) were issued and allotted by the Company to Mr. Tsang Yee Fung and Mr. Chiu Wan Lung at a price of HK$0.04 per Subscription Share under general mandate pursuant to a subscription agreement dated 19 April 2023.

On 21 December 2023, the Company implemented the increase in authorised share capital of the Company from HK$20,000,000 divided into 2,000,000,000 shares of HK$0.01 each to HK$200,000,000 divided into 20,000,000,000 shares of HK$0.01 each by the creation of an additional 18,000,000,000 new unissued shares.

On 27 December 2023, the Company implemented the share consolidation on the basis that every five issued and unissued shares of HK$0.01 each were consolidated into one consolidated share of the Company of HK$0.05.

On 6 February 2024, the Company completed a rights issue, and on 7 February 2024, the Company issued 299,400,000 rights shares of HK$0.05 each at a subscription price of HK$0.115 per rights share on the basis of three rights share for every two existing shares held by the qualifying shareholders on the record date (the "Rights Issue"), and the net proceeds of the Rights Issue, after deducting the related expenses, were approximately HK$32.7 million.

Dividends

The Board does not recommend the payment of a final dividend for FY2024 (FY2023: nil).

Capital Commitments

As at 31 March 2024, the Group had capital commitments of HK$2,549,700 for acquisition of leasehold improvements and printers (31 March 2023: nil).

Significant Investments

There was no significant investments held as at 31 March 2024 (31 March 2023: nil).

Material Acquisitions and Disposals of Associates, Joint Ventures or Subsidiaries

The Group did not have any material acquisition or disposal of associates, joint ventures or subsidiaries during FY2024.

Foreign Currency Exposure

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

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 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 the Group's 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 operation and financial performances may be adversely affected if there is any significant increase in staff costs.

Rely on sub-contractors who are printing service providers and their failure to meet the Group's requirements may materially and adversely affect its 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-contractor for replacement at additional cost, which lowers the profit margin of the Group.

The Group may face shortage in supply of its 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.

Charge On Assets

As at 31 March 2024, certain machineries of the Group with a carrying value of approximately HK$14.4 million (31 March 2023: HK$1.4 million) were held under finance leases.

Contingent Liabilities

The Group had no material contingent liabilities as at 31 March 2024 (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 31 March 2024.

Business plan as set in the Prospectus, the First Change in UOP Announcement and the Second Change in UOP Announcement	Progress up to 31 March 2024
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.

Business plan as set in the Prospectus, the First Change in UOP Announcement and the Second Change in UOP Announcement	Progress up to 31 March 2024
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 proceeds for other purpose. For the detailed reasons for the change in use of proceeds, please refer to the Second Change in UOP Announcement.
Expansion of the Group's store network	As disclosed in the Second Change in UOP Announcement, the Board resolved to reallocate the proceeds 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 approximately HK$5 million. The set up of the digital printers was completed in June 2020.
Purchase of printing related machines	As at 31 March 2023, the Group acquired printing related machines from an independent third party at approximately HK$5.0 million. The set up of the printing related machines was completed in September 2022.
Upgrade information technology systems	The set up of the Company's website and mobile application was completed in 2020.

USE OF PROCEEDS IN RELATION TO THE SHARE OFFER

On 28 March 2018, the Company's shares were listed on GEM and 225,000,000 new shares of HK$0.01 each (equivalent to 45,000,000 shares of HK$0.05 each after the share consolidation took effect on 27 December 2023) 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 net proceeds from the Share Offer for acquiring a six-colour offset press to replace of one of the Group's existing four-colour offset press (the "First Change in UOP").

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

	Planned use of the net proceeds as announced on 18 October 2018 (adjusted according to the actual net proceeds received) HK$ million (approximately)	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 (the "Second Change in UOP"). The unutilised net proceeds from the Share Offer as at 31 March 2023 was approximately HK$1.9 million which was brought forward for the use during FY2024. During FY2024, approximately HK$1.0 of such net proceeds has been utilised and the remaining HK$0.9 million has been carried forward for use in future. Details of the Second Change in UOP up to 31 March 2024 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)	Unutilised net proceeds up to 31 March 2023 HK$ million (approximately)	Amount of net proceeds utilised during FY2024 HK$ million (approximately)	Unutilised net proceeds up to 31 March 2024 HK$ million (approximately)	Expected timeline of full utilisation of the balance
Purchase of a six-colour offset press	10.7	–	–	–	–
Lease of four digital printers	5.0	1.9	1.0	0.9	End of 2025
Purchase of printing related machines	5.0	–	–	–	–
Working capital	2.4	–	–	–	–
Upgrade information technology systems	0.9	–	–	–	–
Total	24.0	1.9	1.0	0.9	–

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 approximately HK$4.1 million has been paid out of the net proceeds up to 31 March 2024.

The remaining unused net proceeds as at 31 March 2024 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 First Change in UOP Announcement and 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

On 19 April 2023 (after trading hours), the Company (as issuer) entered into the subscription agreement with Mr. Tsang Yee Fung and Mr. Chiu Wan Lung (being independent third parties) (as subscribers), pursuant to which, the Company has conditionally agreed to allot and issue, and the Subscribers has conditionally agreed to subscribe for, a total of 98,000,000 Subscription Shares of HK$0.01 each (equivalent to 19,600,000 shares of HK$0.05 each after the share consolidation took effect on 27 December 2023) at the subscription price of HK$0.04 per Subscription Share under general mandate (the "Subscription"). 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 aggregate nominal value of the Subscription Shares is HK$980,000. The gross proceeds of the Subscription were approximately HK$3.92 million. After taking into account the expenses related to the Subscription, the net proceeds of the Subscription were approximately HK$3.73 million, representing the net price of approximately HK$0.0381 per Subscription Share. The Subscription represented an opportunity to raise capital for the business operations of the Group while broadening the Shareholder base of the Company, and the Company intended to use all the net proceeds of the Subscription of approximately HK$3.73 million to settle its current liabilities such as trade and other payables and accruals of the Group. Completion of the Subscription took place on 3 May 2023. For further details, please refer to the announcements of the Company dated 19 April 2023 and 3 May 2023.

The details of the use of proceeds from the Subscription during the period are set out in the following table:

Expected use of net proceeds	Planned use of the net proceeds as announced on 19 April 2023 (adjusted according to the actual net proceeds received) HK$ million (approximately)	Amount of net proceeds utilised during FY2024 HK$ million (approximately)	Unutilised net proceeds up to 31 March 2024 HK$ million (approximately)
Settlement of current liabilities such as trade payables and other payables and accruals	3.73	3.73	–

As at 31 March 2024, the Company had fully utilised the net proceeds of approximately 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.

USE OF PROCEEDS IN RELATION TO THE RIGHTS ISSUE ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY TWO (2) SHARES ON FULLY UNDERWRITTEN BASIS

On 3 October 2023, the Board has resolved to propose the Rights Issue on the basis of three rights shares for every two shares of the Company at HK$0.115 per rights share of HK$0.05 each on a fully underwritten basis. The adjusted closing price of the shares of HK$0.05 each was HK$0.135 per Share on 3 October 2023, being the date on which the proposal of the Rights Issue was put forth by the Board. The aggregate nominal value of the rights shares is HK$14,970,000. On 6 February 2024, the Company has completed the Rights Issue, and on 7 February 2024, the Company issued a total of 299,400,000 new ordinary shares of the Company. The gross proceeds of the Rights Issue were approximately HK$34.4 million. After taking into account the expenses related to the Rights Issue, the net proceeds of the Rights Issue were approximately HK$32.7 million, representing the net price of approximately HK$0.109 per rights share. The Rights Issue was conducted as the Group had imminent need of capital to support its business operation and expansion as detailed in the announcement of the Company dated 3 October 2023, and the Company intended to apply the net proceeds from the Rights Issue for (i) repayment of trade and other payables and accruals; (ii) repayment of a shareholder's loan; and (iii) general working capital (for settlement of additional staff salary and settlement of rental payments).

The details of the use of proceeds from the Rights Issue and unutilised net proceeds carried forward for future use are set out in the following table:

Expected use of net proceeds	Planned use of the net proceeds as announced on 8 January 2024 (adjusted according to the actual net proceeds received) HK$ million (approximately)	Amount of net proceeds utilised during FY2024 HK$ million (approximately)	Unutilised net proceeds up to 31 March 2024 HK$ million (approximately)	Expected timeline of full utilisation of the balance
Repayment of trade and other payables and accruals	8.6	8.6	–	
Repayment of a shareholder's loan	16.2	16.2	–	–
Settlement of additional staff salary	4.6	-	4.6	End of 2025
Settlement of rental payments	3.3	0.5	2.8	End of 2025
	32.7	25.3	7.4	

There is no material change between the intended use of proceeds and actual use of proceeds. The following is a comparison of the Group's business plan as set out in the prospectus of the Company dated 9 January 2024 (the "Prospectus 2024"), with actual business progress up to 31 March 2024.

Repayment of trade and other payables and accruals	As at 31 March 2024, the Company had fully utilised the net proceeds for the repayment of trade and other payables and accruals.
Repayment of a shareholder's loan	As at 31 March 2024, the Company had fully utilised the net proceeds for the repayment of a shareholder's loan.
Settlement of additional staff salary	The Group is in the process of recruiting more experienced staff. The Company expected the net proceeds for the settlement of additional staff salary will be fully utilised by the year ending 31 March 2025.

Settlement of rental payments	The Group is utilising the net proceeds for the settlement of rental payments as per the planned timeline. The Company expected the net proceeds for the settlement of rental payments will be fully utilised by the year ending 31 March 2025.

Employees and Emolument Policies

As at 31 March 2024, the Group employed 39 (31 March 2023: 69) 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$20.3 million for FY2024 (FY2023: HK$26.0 million).

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

The Group has established a Mandatory Provident Fund 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 FY2024 amounted to approximately HK$0.7 million (FY2023: approximately HK$1.0 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 require 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, code provisions and recommended best practices as set out in the Corporate Governance Code in Appendix C1 to the GEM Listing Rules (the "CG Code").

The Company has complied with all applicable code provisions as set out in Part 2 of the CG Code during FY2024 and up to the date of this announcement except for the deviation from Code Provision C.2.1 of the CG Code as explained below.

According to Code Provision C.2.1 of the CG Code, the roles of the chairman and the chief executive should be separate and performed by different individuals to ensure a balance of power and authority so that power is not concentrated in any one individual. Upon the appointment of Mr. Lam Shing Tai as the chief executive officer of the Company on 1 July 2023, Mr. Lam Shing Tai 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 C1 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 does not impair the balance of power and authority between the Board and the management of the Company. With effect from 1 July 2023 and as at the date of this announcement, the Board comprises four executive Directors (including Mr. Lam Shing Tai) 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 Shing Tai, 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 Shing Tai 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.

Purchase, Sale or Redemption of Securities

Save for the Subscription and the Rights Issue as disclosed in this announcement, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during FY2024 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 FY2024 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 FY2024 and up to the date of this announcement.

Pursuant to Rule 5.66 of the GEM Listing Rules, 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 if he were a Director.

Audit Committee

The Company established the audit committee of the Board (the "Audit Committee") on 26 February 2018 with written terms of reference which were amended on 31 December 2018 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. Wong Chun Kwok, Mr. Ho Kar Ming and Ms. So Shuk Wan. Mr. Wong Chun Kwok is the chairman of the Audit Committee.

The Group's annual results for the year ended 31 March 2024 have been reviewed by the 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 LIMITED

The figures in respect of the Group's results for the year ended 31 March 2024 as set out in this announcement have been agreed by the Company's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2024. The work performed by BDO Limited 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 Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this preliminary results announcement.

EXTRACTS OF THE INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report (the "Report") on the Group's consolidated financial statements for the year ended 31 March 2024. The Report will be contained in the annual report of the Company for the year ended 31 March 2024. The Report includes particulars of the material uncertainty related to going concern without qualified opinion:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to note 3(c) to the consolidated financial statements which indicates that the Group incurred a net loss of HK$28,670,570 and had net cash outflow from operating activities of HK$32,839,105 for the year ended 31 March 2024 and as of that date, the Group had net current liabilities of HK$6,848,150. These conditions, along with other matters set forth in note 3(c), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Publication of Annual Report

The annual report of the Company for the year ended 31 March 2024 containing all the information required under the GEM Listing Rules will be made available on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.uprintshop.hk and be despatched to the shareholders of the Company upon request, 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
Lam Shing Tai
Chairman and Executive Director

Hong Kong, 25 June 2024

As at the date of this announcement, 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.

This announcement will remain on the website of the Stock Exchange at www.hkexnews.hk on the "Latest Listed Company Information" 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.