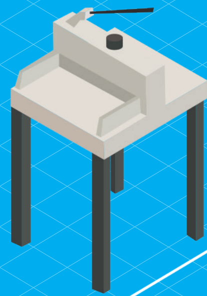
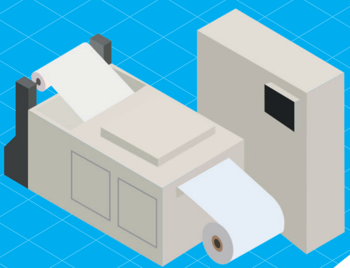
環球印館控股有限公司
Universe Printshop Holdings Limited

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

INTERIM REPORT 2018





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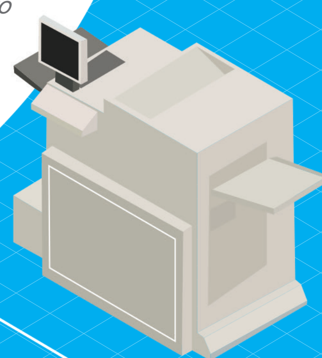
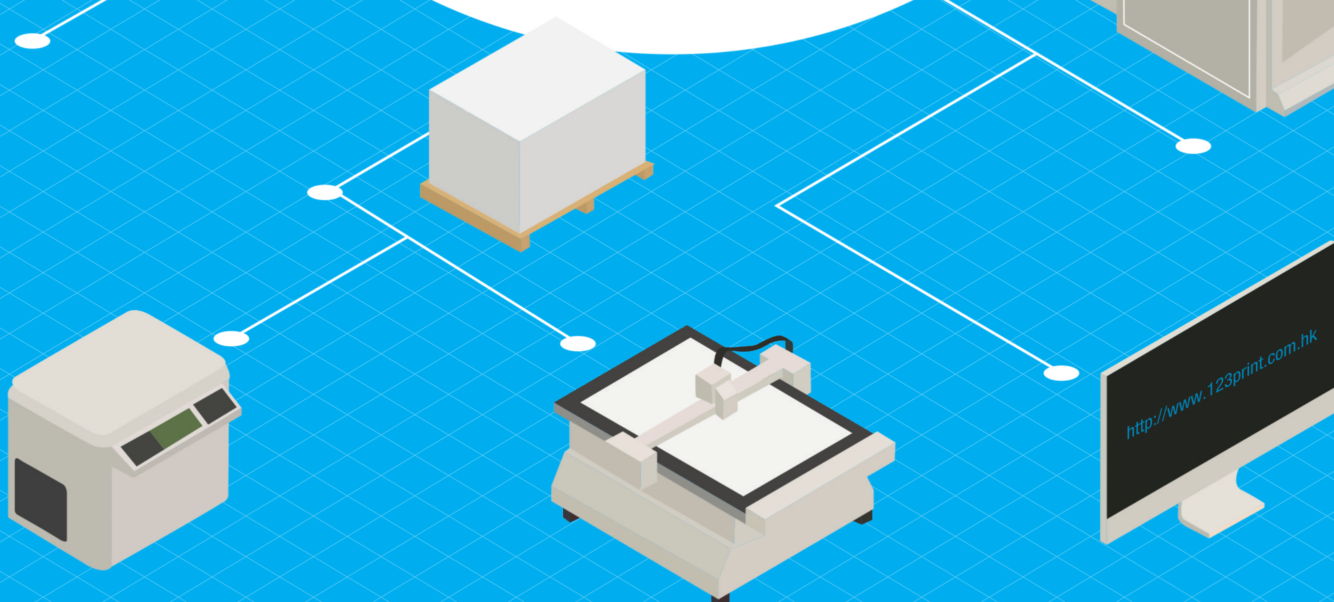
The report, for which the directors (the “Directors”) of Universe Printshop Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing 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 the 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 the Report misleading.





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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chau Man Keung *(Chairman)*
Mr. Hsu Ching Loi *(Chief Executive Officer)*
Mr. Leung Yuet Cheong
Mr. Wong Man Hin Joe

Independent Non-Executive Directors

Mr. Wan Aaron Chi Keung, *BBS, JP*
Mr. Chan Chun Kit
Dr. Sun Yongjing

AUDIT COMMITTEE

Mr. Chan Chun Kit *(Chairman)*
Dr. Sun Yongjing
Mr. Wan Aaron Chi Keung, *BBS, JP*

REMUNERATION COMMITTEE

Mr. Wan Aaron Chi Keung, *BBS, JP (Chairman)*
Mr. Chan Chun Kit
Dr. Sun Yongjing
Mr. Chau Man Keung

NOMINATION COMMITTEE

Dr. Sun Yongjing *(Chairlady)*
Mr. Wan Aaron Chi Keung, *BBS, JP*
Mr. Chan Chun Kit
Mr. Chau Man Keung

RISK MANAGEMENT COMMITTEE

Mr. Chau Man Keung *(Chairman)*
Mr. Wan Aaron Chi Keung, *BBS, JP*
Mr. Chan Chun Kit
Dr. Sun Yongjing
Mr. Hsu Ching Loi

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

Mr. Chau Man Keung
Mr. Chan Sun Kwong

AUTHORISED REPRESENTATIVE (FOR THE PURPOSE OF THE COMPANIES ORDINANCE)

Mr. Chau Man Keung

COMPANY SECRETARY

Mr. Chan Sun Kwong

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

Office F, 12/F
Legend Tower
No. 7 Shing Yip Street
Kwun Tong
Kowloon, Hong Kong

PRINCIPAL BANKER

Bank of China (Hong Kong) Limited

AUDITOR

KPMG
Certified Public Accountants

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
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

COMPLIANCE ADVISER

Ballas Capital Limited

COMPANY'S WEBSITE

http://www.uprintshop.hk/

STOCK CODE

8448

FINANCIAL HIGHLIGHTS

The revenue of Universe Printshop Holdings Limited (the "Company") and its subsidiaries (the "Group") was approximately HK$76.3 million for the six months ended 30 September 2018 representing a slight increase from approximately HK$68.8 million for the six months ended 30 September 2017. Such increase was mainly due to increase in average revenue per order and the increase in overall demand.

The gross profit was approximately HK$15.2 million for the six months ended 30 September 2018, representing a decrease of approximately 12.8% as compared to HK$17.4 million for the six months ended 30 September 2017 largely due to the increase in unit cost of raw materials and subcontracting charges.

The loss attributable to owners of our Company was approximately HK$2.2 million for the six months ended 30 September 2018, as compared to HK$4.6 million recorded for the six months ended 30 September 2017. Excluding the listing expenses in both periods, the Group would have recorded a net loss of HK$2.0 million for the six months ended 30 September 2018, as compared to a net profit of HK$2.6 million for the six months ended 30 September 2017. Such decrease was mainly attributable to (i) the decrease in gross profit as a result of the surging raw material prices and subcontracting charges; and (ii) the increase in administrative expenses. The continuing fierce market competition made it difficult for the Group to pass on the increased costs to customers.

The board of Directors (the "Board") does not recommend the payment of an interim dividend for the six months ended 30 September 2018 (for the six months ended 30 September 2017: Nil).

BUSINESS REVIEW

The Group is principally engaged in providing printing services to the customers in Hong Kong. The printing services of the Group included offset printing, ink-jet printing and toner-based digital printing. Other than printing services, the Group also provided other services to the customers, which included production of other printing-related products such as pre-ink stamps, plastic name-cards, printed eco-bags and printed plastic folders.

During the six months ended 30 September 2018 ("1H 2018"), the Group achieved an increase in revenue as a result of an increase in over demand. Excluding the impact of listing-related expenses, the Group would have recorded a net loss (HK$2.0 million) for 1H 2018, as compared to a net profit of HK$2.6 million for the six months ended 30 September 2017 ("1H 2017").

OUTLOOK

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

FINANCIAL REVIEW

Revenue

The total revenue of the Group for 1H 2018 was increased by HK$7.5 million or 10.8% to HK$76.3 million as compared to HK$68.8 million for 1H 2017. The increase in total revenue was mainly contributed by the increase in revenue from offset printing and ink-jet printing.

Offset printing continued to account for the largest share of the Group's revenue. It generated HK$57.6 million or 75.5% of the Group's total revenue, an increase of HK$6.2 million or 12.0% as compared to HK$51.4 million in 1H 2017 which was mainly attributable to the increase in the overall demand for our printing services and the increase in orders that were suited to using the offset printing technology.

The Ink-jet printing generated revenues amounting to HK$11.2 million, representing an increase of HK$2.3 million or 26.5% as compared to HK$8.9 million in 1H 2017 which was mainly attributable to the increase in orders that were suited to using the ink-jet printing technology and the increase in average revenue per order for our ink-jet printing business.

Revenue from toner-based digital printing remained relatively stable in 1H 2017 and 1H 2018 amounted to HK$4.5 million and HK$4.6 million and contributed to 6.0% and 6.5% of our Group's total revenue for 1H 2017 and 1H 2018, respectively.

Revenue from other services decreased from HK$4.0 million in 1H 2017 to HK$2.9 million in 1H 2018. Such decrease was mainly due to the decline in demand for pre-press design services.

Costs of sales

The cost of sales primarily consists of raw material cost, sub-contracting fee, manufacturing overhead and staff costs. The total cost of sales increased from HK$51.4 million in 1H 2017 to HK$61.0 million in 1H 2018, which was mainly attributable to the increase in unit cost of raw materials and subcontracting charges. The increase in sub-contracting charges were mainly due to the fact that (i) the subcontractors charged us a higher fee as compared to 1H 2017; and (ii) more printing activities were sub-contracted to sub-contractors in 1H 2018 as compared to 1H 2017. Raw material cost and subcontracting fee together accounted for 76.5% and 73.2% of our total cost of sales for 1H 2018 and 1H 2017, respectively.

Gross profit and gross profit margin

The gross profit of the Group decreased from HK$17.4 million for 1H 2017 to HK$15.2 million for 1H 2018. The gross profit margin was decreased from 25.3% to 19.9% mainly due to the increase in unit cost of raw materials and subcontracting charges.

Selling and administrative expenses

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

The selling and administrative expenses amounted to HK$18.0 million in 1H 2018, which represented a decrease of HK$3.9 million as compared to HK$21.9 million in 1H 2017. The listing expenses in relation to the listing of the Company's shares on GEM (the "Listing") on 28 March 2018 recognised for 1H 2018 and 1H 2017 were HK$0.2 million and HK$7.3 million, respectively. Excluding the listing expenses, the selling and administrative expenses for the 1H 2018 increased by HK$3.2 million as compared to that for 1H 2017, which was mainly attributable to (i) increase in staff cost of HK$1.9 million due to salary adjustment and the increase in the provision of long service payment; and (ii) increase in expenses for compliance and reporting purposes after the Listing.

Loss for the period attributable to owners of the Company

The Group recorded a loss for the period attributable to equity shareholders of the Company amounting to HK$2.2 million for 1H 2018, while the Group generated a loss amounted to HK$4.6 million for 1H 2017. Excluding the listing expenses in both periods, the Group would have recorded a net loss of HK$2.0 million for 1H 2018, as compared to a net profit of HK$2.6 million for 1H 2017. Such decrease was mainly attributable to (i) the decrease in gross profit as a result of the surging raw material prices and subcontracting charges; and (ii) the increase in administrative expenses. The continuing fierce market competition made it difficult for the Group to pass on the increased costs to customers.

Trade and other receivables

The trade and other receivables of the Group increased from HK$14.1 million as at 31 March 2018 to HK$16.2 million as at 30 September 2018 which was primarily due to the increase in trade receivables. The trade receivables (net of allowance for doubtful debts) of the Group increased from HK$12.4 million as at 31 March 2018 to HK$13.9 million as at 30 September 2018. The increase was mainly due to an increase in sales and the fact that certain of our credit customers took a longer time to settle their balances due to the Group.

Cash and cash equivalents

The cash and cash equivalents of the Group significantly decreased from HK$68.2 million as at 31 March 2018 to HK$55.7 million as at 30 September 2018. The decrease is mainly due to the settlement of the listing expenses and the net cash used in operating activity during the period.

Trade and other payables

The trade and other payables of the Group decreased from HK$36.2 million as at 31 March 2018 to HK$27.7 million as at 30 September 2018. The decrease is mainly due to the settlement of listing expenses payable as at 31 March 2018 amounting to HK$10.2 million.

Liquidity, financial resources and capital structure

As at 30 September 2018, the Group had net current assets of HK$47.1 million (31 March 2018: HK$48.4 million). The Group's current ratio is 2.53 (31 March 2018: 2.23).

Total obligations under finance lease for the Group amounted to HK$3.0 million as at 30 September 2018 (31 March 2018: HK$3.5 million). The gearing ratio as at 30 September 2018 was 0.05 (31 March 2018: 0.06) which is calculated on the basis of the Group's total obligations under finance lease over the total equity. As at 30 September 2018, obligations under finance lease in the amounts of HK$1.0 million are due within one year while the amounts of HK$2.0 million are due after one year.

The Group's shares were successfully listed on GEM on 28 March 2018. There has been no change in the capital structure of the Group since the Listing Date and up to the date of this report.

EMPLOYEES AND EMOLUMENT POLICIES

As at 30 September 2018, the Group employed 136 (30 September 2017: 135) full time employees in Hong Kong. The staff costs of the Group, including directors' emoluments, employees' salaries, retirement benefits schemes contributions and other benefits amounted to HK$16.1million (1H 2017: HK$14.0 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.

DIVIDENDS

The Board does not recommend the payment of an interim dividend for 1H 2018 (1H 2017: Nil).

CAPITAL COMMITMENTS

As at 30 September 2018, the Group had capital commitments of HK$0.1 million (31 March 2018: HK$0.1 million) for acquisition of accounting software.

SIGNIFICANT INVESTMENTS HELD

The Group did not hold any significant investment in equity interest in any other company during 1H 2018.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisition or disposal of associates, joint ventures or subsidiaries during 1H 2018.

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.

KEY RISKS AND UNCERTAINTIES

The Group believes that the risk management practices are important and use its best effort to ensure it is sufficient to mitigate the risks present in the Group's operations and financial position as efficiently and effectively as possible. 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 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 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 our requirements may materially and adversely affect our business and reputation

The Group sub-contract 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.

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.

CHARGE ON ASSETS

As at 30 September 2018 and 31 March 2018, certain property, plant and equipment of the Group with a carrying value of HK$1.1 million and HK$1.5 million respectively, were held under finance leases.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 September 2018.

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 2018.

Business plan as set in the Prospectus	Progress up to 30 September 2018
Purchase of a five-colour offset press	As disclosed in the 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 Announcement.
Purchase of a hybrid printer	The Group will first concentrate on the preparation work for the six-colour offset press. The purchase of a hybrid printer will be delayed until after the successful trial run of the six-colour offset press, which is expected to be in 2019.
Expansion of our store network	The Group is in progress of recruiting more experienced staff and identifying suitable location for the operation of the new stores.
Upgrade information technology systems	The Company has commenced trail run of the enterprise resource planning system in the second quarter of 2018. The Group is in the process of upgrading the Company's website.

USE OF PROCEEDS

As disclosed in the Announcement, the Board resolved to reallocate the use of the IPO net proceeds for acquiring a six-colour offset press to replace of one of the Group's existing four-colour offset press.

The following table sets forth the status of the use of proceeds from the Share Offer up to 30 September 2018.

	Planned use of the Net Proceeds stated in the Announcement (adjusted according to the actual Net Proceeds received) HK$ million (approximately)	**Utilized Net Proceeds up to 30 September 2018** HK$ million (approximately)	**Unutilized Net Proceeds up to 30 September 2018** 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	0.4	0.5
Total	24.0	0.4	23.6

The remaining unused net proceeds as at 30 September 2018 were placed as bank balances with licensed banks in Hong Kong and will be applied according to the intended usage stated in the Prospectus.

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 September 2018, save for as disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus, the Group did not have any plans for material investments and capital assets.

EVENT AFTER THE REPORTING PERIOD

As disclosed in the Announcement, the Group entered into the purchase agreement with a vendor, an independent third party, in relation to the acquisition of six-colour offset press at a consideration of EUR1,535,000, of which 20% deposit has been paid on 19 October 2018.

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

As at 30 September 2018, 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 2018

Name of Director	Capacity	Number of shares held/ interested	Percentage of the issued share capital of the Company (approximate)
Mr. Chau Man Keung	Beneficial Owner	280,400,000	31.16%
Mr. Hsu Ching Loi	Beneficial Owner	110,500,000	12.28%
Mr. Leung Yuet Cheong	Beneficial Owner	66,460,000	7.38%
Mr. Wong Man Hin Joe	Beneficial Owner	30,380,000	3.38%

Save as disclosed above and so far as is known to the Directors, immediate following the Listing, 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 by directors as referred to in Rules 5.46 of the GEM Listing Rules.

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

So far as the Directors are aware of, as at 30 September 2018, 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, 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 2018

Name of Shareholders	Capacity	Number of shares held/ interested	Percentage of the issued share capital of the Company (approximate)
Ms. Siu Man Yam (Note 1)	Interest of spouse	280,400,000	31.16%
Mr. Chia Kar Hin Eric John (Note 2)	Beneficial Owner	114,760,000	12.75%
Ms. Wan Wai Ching Lilian (Note 2)	Interest of spouse	114,760,000	12.75%
Ms. Ng Lai Nga (Note 3)	Interest of spouse	110,500,000	12.28%
Ms. Mok Chun Ngor (Note 4)	Interest of spouse	66,460,000	7.38%

Notes:

1. Ms. Siu is the spouse of Mr. Chau Man Keung, an executive Director. By virtue of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time ("SFO") , Ms. Siu is deemed to be interested in all the Shares in which Mr. Chau is interested or deemed to be interested under the SFO.

2. Ms. Wan Wai Ching Lilian is the spouse of Mr. Chia Kar Hin Eric John. By virtue of the SFO, Ms. Wan Wai Ching Lilian is deemed to be interested in all the Shares in which Mr. Chia is interested or deemed to be interested under the SFO.

3. Ms. Ng Lai Nga is the spouse of Mr. Hsu Ching Loi, an executive Director. By virtue of the SFO, Ms. Ng Lai Nga is deemed to be interested in all the Shares in which Mr. Hsu is interested or deemed to be interested under the SFO.

4. Ms. Mok is the spouse of Mr. Leung Yuet Cheong, an executive Director. By virtue of the SFO, Ms. Mok is deemed to be interested in all the Shares in which Mr. Leung is interested or deemed to be interested under the SFO.

Save as disclosed above and so far as is known to the Directors, immediate following the Listing, 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 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.

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.

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 2018, the Company has complied with all the code provisions of the CG Code as set out in Appendix 15 to the GEM Listing Rules.

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 2018.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2018.

COMPETING BUSINESS

For the six months ended 30 September 2018, none of the Directors, controlling shareholder or their respective close associates (as defined in the GEM Listing Rules) has any interests in a business that competes or is likely to compete either directly or indirectly with the business of the Group.

INTERESTS OF COMPLIANCE ADVISER

As at 30 September 2018, as notified by the Company's compliance adviser, Ballas Capital Limited (the "Compliance Adviser"), except for the compliance adviser agreement dated 8 June 2017 entered into between the Company and the Compliance Adviser, neither the Compliance Adviser nor its directors, employees or close associates (as defined under the GEM Listing Rules) had any interests in relation to the Company, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

Audit Committee and Review of 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 paragraph C.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. Chan Chun Kit ("Mr. Chan"), Dr. Sun Yongjing and Mr. Wan Aaron Chi Keung, BBS, JP. Mr. Chan is the chairman of the Audit Committee. The 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 Condensed Consolidated Financial Statements have not been audited. The Audit Committee has reviewed with the management of the Group the 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 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
Chau Man Keung
Chairman and Executive Director

Hong Kong, 7 November 2018

As at the date of this report, the executive Directors are Mr. Chau Man Keung, Mr. Hsu Ching Loi, Mr. Wong Man Hin Joe and Mr. Leung Yuet Cheong and the independent non-executive Directors are Mr. Wan Aaron Chi Keung, BBS, JP, Mr. Chan Chun Kit and Dr. Sun Yongjing.

INTERIM RESULTS

The Board of the Company is pleased to present the condensed consolidated results of the Group for the six months ended 30 September 2018 together with the unaudited comparative figures for the corresponding periods in 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2018

	Note	Unaudited Six months ended 30 September 2018 HK$	 2017 HK$
Revenue	3	**76,250,157**	68,789,295
Cost of sales		**(61,043,764)**	(51,356,770)
Gross profit		**15,206,393**	17,432,525
Other revenue		**613,099**	541,643
Other net income		**31,549**	—
Selling and administrative expenses		**(17,993,217)**	(21,873,686)
Loss from operations		**(2,142,176)**	(3,899,518)
Finance costs		**(131,908)**	(171,887)
Loss before taxation		**(2,274,084)**	(4,071,405)
Income tax	4	**112,335**	(556,921)
Loss for the period attributable to equity shareholders of the Company		**(2,161,749)**	(4,628,326)
Loss per share			
Basic and diluted (HK cents)	5	**(0.24)**	(0.69)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

	Note	Unaudited 30 September 2018 HK$	Audited 31 March 2018 HK$
Non-current asset			
Property, plant and equipment	7	10,722,124	12,198,052
Intangible assets		297,622	337,594
Deposits for acquisition of non-current assets		124,500	124,500
		11,144,246	12,660,146
Current assets			
Inventories		6,105,862	5,477,619
Trade and other receivables	8	16,201,174	14,137,858
Cash and cash equivalents		55,742,062	68,202,560
		78,049,098	87,818,037
Current liabilities			
Trade and other payables	9	27,674,108	36,189,667
Obligations under finance leases		999,198	1,090,581
Provision for reinstatement cost		220,000	240,000
Current taxation		2,014,021	1,929,859
		30,907,327	39,450,107
Net current assets		47,141,771	48,367,930
Total assets less current liabilities		58,286,017	61,028,076
Non-current liabilities			
Obligations under finance leases		2,041,427	2,413,253
Deferred tax liabilities		754,821	963,305
		2,796,248	3,376,558
NET ASSETS		55,489,769	57,651,518
CAPITAL AND RESERVES			
Share capital	10	9,000,000	9,000,000
Reserves		46,489,769	48,651,518
TOTAL EQUITY		55,489,769	57,651,518

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2018

	Share capital HK$	Share premium HK$	Capital reserve HK$	(Accumulated losses)/ retained profits HK$	Total HK$
At 1 April 2017 (audited)	104,005	19,973,995	—	8,083,148	28,161,148
Changes in equity for the period ended 30 September 2017:					
Shares issued for share swap between the Company and Universe Printshop Limited	133	—	20,077,867	—	20,078,000
Elimination pursuant to the Reorganisation	(104,005)	(19,973,995)	—	—	(20,078,000)
Loss and total comprehensive income for the period	—	—	—	(4,628,326)	(4,628,326)
At 30 September 2017 (unaudited)	133	—	20,077,867	3,454,822	23,532,822
At 1 April 2018 (audited)	**9,000,000**	**29,644,379**	**20,077,867**	**(1,070,728)**	**57,651,518**
Changes in equity for the period ended 30 September 2018:					
Loss and total comprehensive income for the period	**—**	**—**	**—**	**(2,161,749)**	**(2,161,749)**
At 30 September 2018 (unaudited)	**9,000,000**	**29,644,379**	**20,077,867**	**(3,232,477)**	**55,489,769**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2018

	Unaudited Six months ended 30 September 2018 HK$	2017 HK$
Operating activities		
Cash (used in)/generated from operations	(10,871,975)	741,371
Tax paid	(11,987)	(1,200)
Net cash (used in)/generated from operating activities	(10,883,962)	740,171
Investing activities		
Payment for the purchase of property, plant and equipment and intangible asset	(981,746)	(207,877)
Interest received	327	97
Net cash used in investing activities	(981,419)	(207,780)
Financing activities		
Capital element of finance lease rentals paid	(463,209)	(486,892)
Interest element of finance lease rentals paid	(131,908)	(169,761)
Repayment of advances from a related company	–	(798,700)
Interest paid	–	(2,126)
Net cash used in financing activities	(595,117)	(1,457,479)
Net decrease in cash and cash equivalents	(12,460,498)	(925,088)
Cash and cash equivalents at the beginning of the period	68,202,560	20,993,052
Cash and cash equivalents at the end of the period	55,742,062	20,067,964

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 27 April 2017 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company have been listed on GEM of the Stock Exchange with effect from 28 March 2018.

The Group are principally engaged in the provision of general printing services and trading of printing products.

Pursuant to a group reorganisation completed on 8 September 2017 (the "Reorganisation"), the Company became the holding company of the companies now comprising the Group.

The condensed consolidated financial information is presented in Hong Kong dollars ("HK$") unless otherwise stated.

The condensed consolidated financial information of the Group for the six months ended 30 September 2018 which has not been audited but has been reviewed by the audit committee of the Company. The condensed consolidated financial information was approved for issue by the Board of directors on 7 November 2018.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basic of preparation and presentation

The Condensed Consolidated Financial Statements have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules and the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The Condensed Consolidated Financial Statements should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2018.

The accounting policies adopted in the preparation of the 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 2018, 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 Condensed Consolidated Financial Statements for the period presented as a result of adoption of these amendments.

HKFRS 9 replaces HKAS 39 "Financial Instruments: Recognition and Measurement". It sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

(i) Classification of financial assets and financial liabilities

HKFRS 9 categories financial assets into three principal classification categories: measured at amortized cost, at fair value through other comprehensive income ("FVOCI") and at fair value through profit or loss ("FVPL"). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

The classification of the Group's financial assets and liabilities at 1 April 2018 have not been impacted by the initial application of HKFRS 9.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic of preparation and presentation (Continued)

(ii) Expected credit losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the expected credit loss ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognizes ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model to the following items:

— financial assets measured at amortized cost (including cash and cash equivalents and trade and other receivables)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

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

In measuring ECLs, the Group considers reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

— 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

— lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognizes a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement of ECLs (Continued)

(iii) Transition

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below:

— The Group has taken an exemption not to restate comparative information for prior periods with respect to measurement (including impairment) requirements. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognized in retained earnings and reserves as at 1 April 2018. Accordingly, the information presented for the year ended 31 March 2018 continues to be reported under HKAS 39 and thus may not be comparable with the current period.

— The determination of the business model within which a financial asset is held has been made on the basis of the facts and circumstances that existed at 1 April 2018 (the date of initial application of HKFRS 9 by the Group).

— If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognized for that financial instrument.

As at 1 April 2018, the Group reviewed and assessed the existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. The Group assessed the ECL of trade receivables and other receivables collectively based on provision matrix as at 1 April 2017. No impairment allowance for trade receivables and other receivables were provided based on the provision matrix since the loss given default and exposure at default are low based on historical credit loss experience. The Company have also assessed all available forward looking information, including but not limited to expected growth rate of the industry and subsequent settlement, and concluded that there is no significant increase in credit risk.

The preparation of the Condensed Consolidated Financial Statements in conformity with the HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise their judgements in the process of applying the Group's accounting policies. Actual results may differ from these estimates. The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual financial statements for the year ended 31 March 2018.

3 REVENUE AND SEGMENT INFORMATION

(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 2018 HK$	 2017 HK$
Offset printing	57,546,337	51,383,370
Toner-based digital printing	4,590,227	4,480,820
Ink-jet printing	11,231,311	8,880,993
Other services	2,882,282	4,044,112
	76,250,157	68,789,295

(b) Segment reporting

The Group manages its business by business line. In a manner consistent with the way the information is reported internally to the Group's senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following reporting segments:

Offset printing

The offset printing business is involved in the manufacturing and trading of printing products using the offset printing method. These products are either manufactured in the Group's manufacturing facilities located in Hong Kong or outsourced to external sub-contractors for processing.

Toner-based digital printing

The toner-based digital printing business is involved in the manufacturing and trading of printing products using the toner-based digital printing method. These products are manufactured in the Group's manufacturing facilities located in Hong Kong.

Ink-jet printing

The ink-jet printing business is involved in the manufacturing and trading of printing products using the ink-jet printing method. These products are manufactured in the Group's manufacturing facilities located in Hong Kong or outsourced to external sub-contractors for processing.

3 REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment reporting (Continued)

Other services

Other services comprise miscellaneous services including the production of printing-related products such as pre-ink stamp making, the processes of which require the use of special equipment. Such services were largely sub-contracted to external sub-contractors. The revenue from these services is below the quantitative threshold for determining a reportable segment.

The segment information provided to the Executive Directors for the reportable segments for the six months ended 30 September 2018 and 2017 is as follows:

	Unaudited Six months ended 30 September									
	Offset printing		Digital printing		Ink-jet		Other services		Total	
	2018 HK$	2017 HK$	2018 HK$	2017 HK$	2018 HK$	2017 HK$	2018 HK$	2017 HK$	2018 HK$	2017 HK$
Revenue from external customers	57,546,337	51,383,370	4,590,227	4,480,820	11,231,311	8,880,993	2,882,282	4,044,112	76,250,157	68,789,295
Inter-segment revenue	–	–	–	–	–	–	–	–	–	–
Reportable segment revenue	57,546,337	51,383,370	4,590,227	4,480,820	11,231,311	8,880,993	2,882,282	4,044,112	76,250,157	68,789,295
Reportable segment profit	1,777,031	2,318,030	1,086,128	946,800	865,207	1,477,372	353,725	600,961	4,082,091	5,343,163
Other revenue and net income									20,550	31,167
Finance costs									(12,840)	(18,758)
Depreciation and amortisation of corporate assets									(390,107)	(257,592)
Unallocated office and corporate expenses									(5,973,778)	(9,169,385)
Loss before income tax									(2,274,084)	(4,071,405)

4 INCOME TAX

	Unaudited Six months ended 30 September 2018 HK$	2017 HK$
Current tax		
Provision for Hong Kong Profits Tax for the period	**96,149**	674,029
Deferred tax		
Origination and reversal of temporary difference	**(208,484)**	(117,108)
	(112,335)	556,921

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax under these jurisdictions during the period (30 September 2017: Nil).

Hong Kong Profits Tax is calculated at 16.5% (30 September 2017: 16.5%) on the estimated assessable profits for the period.

5 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share was based on the loss attributable to ordinary equity shareholders of the Company of HK$2,161,749 (30 September 2017: HK$4,628,326) and the weighted average of 900,000,000 ordinary shares (30 September 2017: 675,000,000 ordinary shares) in issue during the period.

The weighted average number of ordinary shares in issue during the six months ended 30 September 2017 and 2018 have been retrospectively adjusted for the effect of the capitalisation issue pursuant to the Reorganisation as stated in the prospectus of the Company dated 13 March 2018.

(b) Diluted loss per share

The diluted earnings per share is the same as the basic earnings 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 of the six months ended 30 September 2018 (30 September 2017: Nil).

7 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2018, the Group acquired property, plant and equipment of approximately HK$981,746 (30 September 2017: HK$857,997).

8 TRADE AND OTHER RECEIVABLES

	Unaudited At 30 September 2018 HK$	Audited At 31 March 2018 HK$
Trade receivables	**14,128,071**	12,580,926
Less: allowance for doubtful debts	**(206,335)**	(200,420)
	13,921,736	12,380,506
Deposits, prepayments and other receivables	**2,279,438**	1,757,352
	16,201,174	14,137,858

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

8 TRADE AND OTHER RECEIVABLES (Continued)

(a) Ageing analysis

At 30 September 2018 and 31 March 2018, the ageing analysis of trade receivables (which are included in trade and other receivables), based on invoice date and net of allowance for doubtful debts, is as follows:

	Unaudited At 30 September 2018 HK$	Audited At 31 March 2018 HK$
Within 1 month	4,460,274	4,713,061
1 to 2 months	4,229,796	2,477,648
2 to 3 months	2,059,701	1,706,690
Over 3 months	3,171,965	3,483,107
	13,921,736	12,380,506

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

(b) Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly.

The movement in allowance for doubtful debts during the period/year, including both specific and collective loss components, is as follows:

	Unaudited At 30 September 2018 HK$	Audited At 31 March 2018 HK$
At the beginning of the period/year	200,420	53,798
Reversal of impairment loss	–	(53,798)
Uncollectible amounts written off	5,915	200,420
At the end of the period/year	206,335	200,420

8 TRADE AND OTHER RECEIVABLES (Continued)

(c) Trade receivables that are not impaired

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	Unaudited At 30 September 2018 HK$	Audited At 31 March 2018 HK$
Neither past due nor impaired	**5,958,250**	6,017,884
Less than 1 month past due	**3,446,110**	1,870,944
1 to 3 months past due	**2,577,606**	2,245,228
Over 3 months past due	**1,939,770**	2,246,450
	7,963,486	6,362,622
	13,921,736	12,380,506

9 TRADE AND OTHER PAYABLES

	Unaudited At 30 September 2018 HK$	Audited At 31 March 2018 HK$
Trade payables	**19,034,167**	16,387,137
Accruals	**3,692,153**	14,602,345
Other payables	**23,061**	18,417
Provision for long service payments	**1,979,380**	1,699,613
Receipts in advance from customers	**2,945,347**	3,482,155
	27,674,108	36,189,667

9 TRADE AND OTHER PAYABLES (Continued)

Note:

(i) At 30 September 2018 and 31 March 2018, the ageing analysis of trade payables based on the invoice date is as follows:

	Unaudited At 30 September 2018 HK$	Audited At 31 March 2018 HK$
Within 1 month	7,910,442	8,088,222
1 to 2 months	6,900,948	6,403,406
2 to 3 months	2,036,319	1,823,134
Over 3 months	2,186,458	72,375
	19,034,167	16,387,137

Provision for long service payments

	Unaudited At 30 September 2018 HK$	Audited At 31 March 2018 HK$
At the beginning of the period/year	1,699,613	1,391,050
Provision for long service payments	279,767	308,563
At the end of the period/year	1,979,380	1,699,613

10 SHARE CAPITAL

	Number of shares	Amount HK$
Authorised:		
At 27 April 2017 (date of incorporation) (Note (i))	38,000,000	380,000
Increase in authorised share capital (Note (iii))	1,962,000,000	19,620,000
At 31 March 2018 and 30 September 2018	2,000,000,000	20,000,000
Ordinary shares, Issued and fully paid:		
At 27 April 2017 (date of incorporation) (Note (i))	1	—
Issue of ordinary shares for share swap between the Company and Universe Printshop Limited (Note (ii))	13,333	133
Share Offer (Note (iv))	225,000,000	2,250,000
Capitalisation issue (Note (iv))	674,986,666	6,749,867
At 31 March 2018 and 30 September 2018	900,000,000	9,000,000

Notes:

(i) The Company was incorporated in the Cayman Islands on 27 April 2017 with an authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares of HK$0.01 each. On the date of incorporation, 1 share was allotted and issued at nil paid upon incorporation.

(ii) On 27 April 2017, the Company issued an additional 13,333 shares at nil paid. On 8 June 2017, the Company acquired the entire shareholding interest in Universe Printshop Limited, in consideration of which 13,334 nil-paid shares were credited as fully paid. Upon the completion of the Reorganisation on 8 June 2017, the Company became the holding company of the Group.

(iii) On 26 February 2018, pursuant to the written resolution of the shareholders of the Company, the authorised share capital of the Company was increased from 38,000,000 shares to 2,000,000,000 shares by the creation of additional 1,962,000,000 shares, ranking pari passu in all respects with the shares in issue as at the date of passing of the written resolution.

(iv) The shares of the Company were listed on GEM on 28 March 2018. On the same date, 674,986,666 of the Company's new shares were issued through capitalisation of HK$6,749,867 standing to the credit of share premium account of the Company. Further, 225,000,000 shares of the Company were issued at a price of HK$0.23 per share. The Company received net proceeds of HK$38,644,246 (after deducting listing expenses) in respect of the Share Offer.

11 MATERIAL RELATED PARTY TRANSACTIONS

During the Relevant Periods, the directors are of the view that the following are related parties of the Group:

Name of party	Relationship with the Group
Universe Printing Company Limited	Company under the control of common shareholders and under common directorship of the Company
Startec Colour Separation Company Limited	Company under the control of common shareholders and under common directorship of the Company

(a) Transactions with key management personnel

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

	Unaudited Six months ended 30 September	
	2018	2017
	HK$	HK$
Directors' fee	**216,000**	—
Salaries, allowances and benefits in kind	**1,435,000**	1,260,000
Discretionary bonuses	**—**	—
Retirement scheme contributions	**36,000**	36,000
	1,687,000	1,296,000

(b) Transactions with related parties

During the Relevant Periods, the Group entered into the following material related party transactions:

	2018	2017
	HK$	HK$
Rental expenses		
— Universe Printing Company Limited	**1,440,000**	1,440,000
Purchase of a motor vehicle		
— Universe Printing Company Limited	**295,587**	—
Repayment of cash advances from related companies		
— Startec Colour Separation Company Limited	**—**	798,700

11 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(c) Balance with a related party

As at 30 September 2018, the Group had the following balance with a related party:

	Unaudited At 30 September 2018 HK$	Audited At 31 March 2018 HK$
(i) Rental deposit —Universe Printing Company Limited	$480,000	—

The balance is not trade-related, unsecured, interest-fee and recoverable at the end of the lease term.