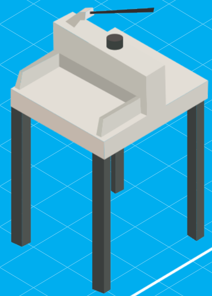
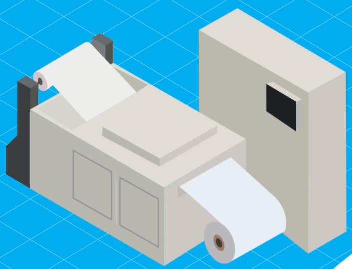
環球印館控股有限公司

Universe Printshop Holdings Limited

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

THIRD QUARTERLY REPORT 2018





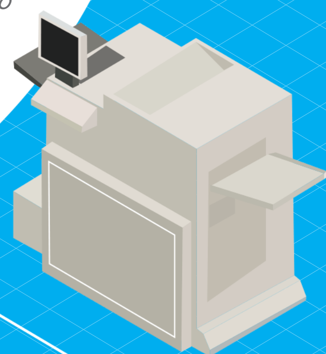
CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

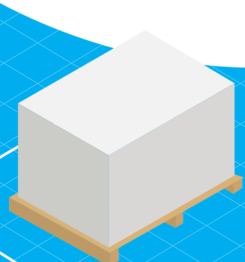
GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

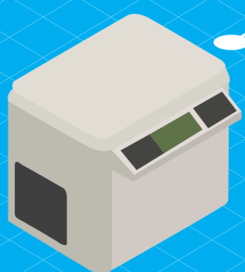
Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

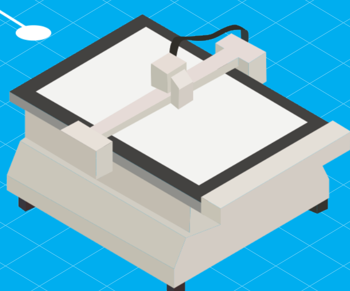
Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this quarterly report (the "Report"), make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Report.

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.









CONTENTS

FINANCIAL HIGHLIGHTS

The revenue of the Company and its subsidiaries (the "Group") was approximately HK$118.9 million for the nine months ended 31 December 2018 representing a slight increase from approximately HK$109.9 million for the nine months ended 31 December 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$24.5 million for the nine months ended 31 December 2018, representing a decrease of approximately 11.1% as compared to HK$27.6 million for the nine months ended 31 December 2017 which is mainly due to the increase in paper prices and subcontracting charges.

The loss attributable to owners of our Company was approximately HK$1.2 million for the nine months ended 31 December 2018, as compared to HK$2.5 million recorded for the nine months ended 31 December 2017. Excluding the listing expenses in both periods, the Group would have recorded a net loss of HK$1.0 million for the nine months ended 31 December 2018, as compared to a net profit of HK$5.4 million for the nine months ended 31 December 2017. Such decrease was mainly attributable to (i) the decrease in gross profit as a result of the surging paper 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 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 board of Directors (the "Board") does not recommend the payment of an interim dividend for the nine months ended 31 December 2018 (for the nine months ended 31 December 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 nine months ended 31 December 2018 ("Q3 2018"), the Group achieved an increase in revenue as a result of an increase in overall demand. Excluding the impact of listing-related expenses, the Group would have recorded a net loss (HK$1.0 million) for Q3 2018, as compared to a net profit of HK$5.4 million for the nine months ended 31 December 2017 ("Q3 2017").

OUTLOOK

With keen competition and inflationary pressure, the Group still sees positive signs from its financial performance, evidenced by the improved profit margin in Q3 2018 as compared to the first half of the financial year. The Group will continue to 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.

FINANCIAL REVIEW

Revenue

The total revenue of the Group for Q3 2018 was increased by HK$9.0 million or 8.2% to HK$118.9 million as compared to HK$109.9 million for Q3 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$89.3 million or 75.1% of the Group's total revenue, an increase of HK$6.0 million or 7.3% as compared to HK$83.2 million in Q3 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$18.4 million, representing an increase of HK$4.0 million or 27.9% as compared to HK$14.4 million in Q3 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 Q3 2017 and Q3 2018 amounted to HK$7.2 million and HK$7.0 million and contributed to 6.6% and 5.9% of our Group's total revenue for Q3 2017 and Q3 2018, respectively.

Revenue from other services decreased from HK$5.0 million in Q3 2017 to HK$4.2 million in Q3 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$82.3 million in Q3 2017 to HK$94.4 million in Q3 2018, which was mainly attributable to the increase in paper prices 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 Q3 2017; and (ii) more printing activities were sub-contracted to sub-contractors in Q3 2018 as compared to Q3 2017. Raw material cost and subcontracting fee together accounted for 77.1% and 74.9% of our total cost of sales for Q3 2018 and Q3 2017, respectively.

Gross profit and gross profit margin

The gross profit of the Group decreased from HK$27.6 million for Q3 2017 to HK$24.5 million for Q3 2018. The gross profit margin was decreased from 25.1% to 20.6% mainly due to the increase in paper prices 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$26.3 million in Q3 2018, which represented a decrease of HK$3.5 million as compared to HK$29.8 million in Q3 2017. The listing expenses in relation to the listing of the Company's shares on GEM (the "Listing") on 28 March 2018 recognised for Q3 2018 and Q3 2017 were HK$0.2 million and HK$7.9 million, respectively. Excluding the listing expenses, the selling and administrative expenses for the Q3 2018 increased by HK$4.2 million as compared to that for Q3 2017, which was mainly attributable to (i) increase in staff cost of HK$2.3 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$1.2 million for Q3 2018, while the Group generated a loss amounted to HK$2.5 million for Q3 2017. Excluding the listing expenses in both periods, the Group would have recorded a net loss of HK$1.0 million for Q3 2018, as compared to a net profit of HK$5.4 million for Q3 2017. Such decrease was mainly attributable to (i) the decrease in gross profit as a result of the surging paper 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.

DIVIDENDS

The Board does not recommend the payment of an interim dividend for Q3 2018 (Q3 2017: Nil).

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

As at 31 December 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 31 December 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 31 December 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 31 December 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 of the Company dated 13 March 2018.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance in emphasising a quality board of directors, sound internal control, transparency and accountability with a view to safeguard the interests of all the Shareholders. The Board has adopted the principles and the code provisions of Corporate Governance Code (the "CG Code") contained in Appendix 15 to the GEM Listing Rules. During the nine months ended 31 December 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.

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 nine months ended 31 December 2018.

COMPETING BUSINESS

For the nine months ended 31 December 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 31 December 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's audit committee ("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 Condensed Consolidated Financial Statements have not been audited. The Audit Committee has reviewed with the management of the Group the quarterly report and 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, 13 February 2019

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.

The Board of the Company is pleased to present the condensed consolidated results of the Group for the nine months ended 31 December 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 nine months ended 31 December 2018

	Note	Unaudited Three months ended 31 December 2018 HK$	2017 HK$	Unaudited Nine months ended 31 December 2018 HK$	2017 HK$
Revenue	3	42,677,515	41,108,889	118,927,672	109,898,184
Cost of sales		(33,375,973)	(30,968,015)	(94,419,737)	(82,324,785)
Gross profit		9,301,542	10,140,874	24,507,935	27,573,399
Other revenue		286,195	295,095	899,294	836,738
Other net income		(11,163)	139	20,386	139
Selling and administrative expenses		(8,281,690)	(7,964,010)	(26,274,907)	(29,837,696)
Profit/(Loss) from operations		1,294,884	2,472,098	(847,292)	(1,427,420)
Finance costs		(58,478)	(77,954)	(190,386)	(249,841)
Profit/(Loss) before taxation		1,236,406	2,394,144	(1,037,678)	(1,677,261)
Income tax	4	(252,538)	(301,615)	(140,203)	(858,536)
Profit/(Loss) for the period attributable to equity shareholders of the Company		983,868	2,092,529	(1,177,881)	(2,535,797)
Profit/(Loss) per share					
Basic and diluted (HK cents)	5	0.11	0.31	(0.13)	(0.38)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 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 31 December 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	—	—	—	(2,535,797)	(2,535,797)
At 31 December 2017 (unaudited)	133	—	20,077,867	5,547,351	25,625,351
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 31 December 2018:					
Loss and total comprehensive income for the period	**—**	**—**	**—**	**(1,177,881)**	**(1,177,881)**
At 31 December 2018 (unaudited)	**9,000,000**	**29,644,379**	**20,077,867**	**(2,248,609)**	**56,473,637**

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 Statements is presented in Hong Kong dollars ("HK$") unless otherwise stated.

The Condensed Consolidated Financial Statements of the Group for the nine months ended 31 December 2018 which has not been audited but has been reviewed by the audit committee of the Company. The Condensed Consolidated Financial Statements was approved for issue by the Board of directors on 13 February 2019.

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 applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individuals HKFRSs, Hong Kong Accounting Standards and Interpretations 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 Three months ended 31 December		Unaudited Nine months ended 31 December	
	2018	2017	**2018**	2017
	HK$	HK$	**HK$**	HK$
Offset printing	**31,729,728**	31,856,145	**89,276,065**	83,239,515
Toner-based digital printing	**2,438,130**	2,738,774	**7,028,357**	7,219,594
Ink-jet printing	**7,207,428**	5,537,759	**18,438,739**	14,418,752
Other services	**1,302,229**	976,211	**4,184,511**	5,020,323
	42,677,515	41,108,889	**118,927,672**	109,898,184

(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 three and nine months ended 31 December 2018 and 2017 is as follows:

	Unaudited Three months ended 31 December									
	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	31,729,728	31,856,145	2,438,130	2,738,774	7,207,428	5,537,759	1,302,229	976,211	42,677,515	41,108,889
Inter-segment revenue	–	–	–	–	–	–	–	–	–	–
Reportable segment revenue	31,729,728	31,856,145	2,438,130	2,738,774	7,207,428	5,537,759	1,302,229	976,211	42,677,515	41,108,889
Reportable segment profit	1,585,969	6,456,833	780,832	789,357	322,074	282,425	305,545	856,787	2,994,420	8,385,402
Other revenue and net income									8,970	68
Finance costs									(5,707)	(7,609)
Depreciation and amortisation of corporate assets									(201,217)	(167,506)
Unallocated office and corporate expenses									(1,560,060)	(5,816,211)
Loss before income tax									1,236,406	2,394,144

3 REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment reporting (Continued)

	Unaudited Nine months ended 31 December									
	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	89,276,065	83,239,515	7,028,357	7,219,594	18,438,739	14,418,752	4,184,511	5,020,323	118,927,672	109,898,184
Inter-segment revenue	–	–	–	–	–	–	–	–	–	–
Reportable segment revenue	89,276,065	83,239,515	7,028,357	7,219,594	18,438,739	14,418,752	4,184,511	5,020,323	118,927,672	109,898,184
Reportable segment profit	3,363,000	8,774,863	1,866,960	1,736,157	1,187,281	1,759,797	659,270	1,457,748	7,076,511	13,728,565
Other revenue and net income									29,520	31,235
Finance costs									(18,547)	(26,367)
Depreciation and amortisation of corporate assets									(591,324)	(425,098)
Unallocated office and corporate expenses									(7,533,838)	(14,985,596)
Loss before income tax									(1,037,678)	(1,677,261)

4 INCOME TAX

	Unaudited Three months ended 31 December		Unaudited Nine months ended 31 December	
	2018 HK$	2017 HK$	2018 HK$	2017 HK$
Current tax				
Provision for Hong Kong Profits Tax for the period	406,545	537,708	502,694	1,211,737
Deferred tax				
Origination and reversal of temporary difference	(154,007)	(236,093)	(362,491)	(353,201)
	252,538	301,615	140,203	858,536

4 INCOME TAX (Continued)

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 (31 December 2017: Nil).

Hong Kong Profits Tax is calculated at 16.5% (31 December 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$1,177,881 (31 December 2017: HK$2,535,797) and the weighted average of 900,000,000 ordinary shares (31 December 2017: 675,000,000 ordinary shares) in issue during the period.

The weighted average number of ordinary shares in issue during the nine months ended 31 December 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 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

6 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(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 Three months ended 31 December		Unaudited Nine months ended 31 December	
	2018	2017	**2018**	2017
	HK$	HK$	**HK$**	HK$
Directors' fee	**108,000**	—	**324,000**	—
Salaries, allowances and benefits in kind	**770,000**	630,000	**2,205,000**	1,890,000
Discretionary bonuses	**—**	346,000	**—**	346,000
Retirement scheme contributions	**18,000**	18,000	**54,000**	54,000
	896,000	994,000	**2,583,000**	2,290,000

(b) Transactions with related parties

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

	2018	2017	**2018**	2017
	HK$	HK$	**HK$**	HK$
Rental expenses				
— Universe Printing Company Limited	**720,000**	720,000	**2,160,000**	2,160,000
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