



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
2019**

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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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

CORPORATE INFORMATION

AUDITOR

BDO Limited
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 54
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\$73.9 million for the six months ended 30 September 2019 representing a slight decrease from approximately HK\$76.3 million for the six months ended 30 September 2018. Such decrease was mainly due to the decrease in demand for offset printing services and ink-jet printing services.

The gross profit margin increased from 19.9% to 20.5% mainly due to the decrease in unit cost of raw materials.

The loss attributable to owners of our Company was approximately HK\$2.7 million for the six months ended 30 September 2019 (excluding the impact of an one-off gain on disposal of property, plant and equipment of approximately HK\$3.2 million), as compared to a loss of HK\$2.2 million recorded for the six months ended 30 September 2018. Such decrease was mainly attributable to the increase in income tax which resulted from the increase in deferred tax. 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 six months ended 30 September 2019 (for the six months ended 30 September 2018: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

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.

The Group recorded revenue of approximately HK\$73.9 million for the six months ended 30 September 2019 ("1H 2019"), representing an decrease of approximately 3.1% as compared to the revenue of approximately HK\$76.3 million for the six months ended 30 September 2018 ("1H 2018"). Such decrease was mainly due to the decrease in demand for offset printing services and ink-jet printing services. The Group's gross profit margins increased to approximately 20.5% for 1H 2019 from approximately 19.9% for 1H 2018. Such increase in the Group's gross profit was mainly attributable to the decrease in unit cost of raw materials. For 1H 2019, the Group recorded a net loss of approximately HK\$2.7 million (excluding the impact of an one-off gain on disposal of property, plant and equipment of approximately HK\$3.2 million), as compared to a net loss of HK\$2.2 million for 1H 2018.

OUTLOOK

In view of the political instability in Hong Kong, our result of operation has been experienced a downturn in the first half of 2019. The recession in the economy in Hong Kong or uncertainties regarding future economic prospects could have a material adverse effect on our results of operations. 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. Furthermore, the Group plans to develop non-paper printing products to meet the increasing demand of the market.

FINANCIAL REVIEW

Revenue

The total revenue of the Group for 1H 2019 was decreased by HK\$2.4 million or 3.1% to HK\$73.9 million as compared to HK\$76.3 million for 1H 2018. The decrease in total revenue was mainly contributed by the decrease in demand for offset printing services and ink-jet printing services.

Offset printing continued to account for the largest share of the Group's revenue. It generated HK\$56.1 million or 75.9% of the Group's total revenue, a decrease of HK\$1.5 million or 2.5% as compared to HK\$57.5 million in 1H 2018 which was mainly attributable to the decrease in the demand for offset printing services.

Ink-jet printing generated revenues amounting to HK\$10.3 million, representing an decrease of HK\$1.0 million or 8.5% as compared to HK\$11.2 million in 1H 2018 which was mainly attributable to the decrease in demand for ink-jet printing services.

Revenue from toner-based digital printing remained relatively stable in 1H 2019 and 1H 2018, amounted to HK\$4.8 million and HK\$4.6 million and contributed to 6.4% and 6.0% of our Group's total revenue for 1H 2019 and 1H 2018, respectively.

Revenue from other services decreased from HK\$2.9 million in 1H 2018 to HK\$2.7 million in 1H 2019. Such decrease was mainly due to the decline in demand for pre-press design services.

MANAGEMENT DISCUSSION AND ANALYSIS

Costs of sales

The cost of sales primarily consists of raw material cost, sub-contracting fee, manufacturing overhead and staff costs. The total cost of sales decreased from HK\$61.0 million in 1H 2018 to HK\$58.7 million in 1H 2019, which was mainly attributable to the decrease in unit cost of raw materials.

Gross profit and gross profit margin

The gross profit margin increased from 19.9% to 20.5% mainly due to the decrease in unit cost of raw materials. However, the gross profit of the Group slightly decreased from HK\$15.2 million in 1H 2018 to HK\$15.1 million in 1H 2019 which resulted from the decrease in revenue.

Other gains or losses

Other gains or losses in 1H 2019 mainly represents gain on disposal of a four-colour offset press amounting to approximately HK\$3.2 million.

Profit/(Loss) for the period attributable to owners of the Company

For 1H 2019, the Group recorded a net loss of approximately HK\$2.7 million (excluding the impact of an one-off gain on disposal of property, plant and equipment of approximately HK\$3.2 million), as compared to a net loss of HK\$2.2 million for 1H 2018. Such decrease was mainly attributable to the increase in income tax which resulted from the increase in deferred tax.

Right-of-use assets, lease liabilities and obligations under finance leases

As at 30 September 2019, right-of-use assets, lease liabilities and obligations under finance leases amounted to HK\$8.9 million (31 March 2019: Nil), HK\$6.9 million (31 March 2019: Nil), and Nil (31 March 2019: HK\$2.6 million), respectively. The change was primarily attributable to the adoption of new accounting standard effective from 1 April 2019.

Liquidity, financial resources and capital structure

As at 30 September 2019, the Group had net current assets of HK\$25.2 million (31 March 2019: HK\$30.1 million). The Group's current ratio is 1.78 (31 March 2019: 2.19).

Total obligations under finance lease for the Group amounted to HK\$ Nil as at 30 September 2019 (31 March 2019: HK\$2.6 million), while the total lease liabilities for the Group amounted to HK\$10.4 million as at 30 September 2019 (31 March 2019: HK\$ Nil). The gearing ratio as at 30 September 2019 was 0.20 (31 March 2019: 0.05) which is calculated on the basis of the Group's total obligations under finance lease and lease liabilities over the total equity. As at 30 September 2019, lease liabilities in the amounts of HK\$6.9 million are due within one year while the amounts of HK\$3.6 million are due after one year. There has been no change in the capital structure of the Group for 1H 2019.

EMPLOYEES AND EMOLUMENT POLICIES

As at 30 September 2019, the Group employed 136 (30 September 2018: 136) 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\$16.2 million (1H 2018: HK\$16.1 million).

Employees are remunerated in accordance with individual's responsibility and performance, also taking into account the prevailing market rates to ensure competitiveness. Other fringe benefits such as retirement benefits and discretionary bonus are offered to all employees. Training is also provided on a continuing basis to our existing employees on areas such as operation of our machinery, work safety, fire safety and quality control.

DIVIDENDS

The Board does not recommend the payment of an interim dividend for 1H 2019 (1H 2018: Nil).

CAPITAL COMMITMENTS

As at 30 September 2019, the Group had capital commitments of HK\$0.1 million (31 March 2019: HK\$2.5 million) for acquisition of accounting software.

SIGNIFICANT INVESTMENTS

There was no significant investments held as at 30 September 2019.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisition or disposal of associates, joint ventures or subsidiaries during 1H 2019.

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:

MANAGEMENT DISCUSSION AND ANALYSIS

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 2019 and 31 March 2019, certain right-of use assets (previously presented as property, plant and equipment) of the Group with a carrying value of HK\$2.7 million and HK\$0.8 million respectively, were held under leases.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 September 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2019.

Business plan as set in the Prospectus	Progress up to 30 September 2019
Purchase of a five-colour offset press	<p>As disclosed in the announcement dated on 18 October 2018 (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.</p> <p>As at the date of this report, the set up of the six-colour offset press was completed.</p>
Purchase of a hybrid printer	<p>The Group has deferred the expansion plan due to the political instability in Hong Kong. Management will commence looking for quotations of hybrid printers when the situation begins to stabilise.</p>
Expansion of our store network	<p>The Group has deferred the expansion plan due to the political instability in Hong Kong. Management will commence identifying suitable location for the new stores when the situation begins to stabilise.</p>
Upgrade information technology systems	<p>The Company has commenced trial run of the enterprise resource planning system in the second quarter of 2018.</p> <p>The Group is in the process of upgrading the Company's website.</p>

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS

On 28 March 2018, the Company's shares were listed on GEM and 225,000,000 new shares of HK\$0.01 each were issued at HK\$0.23 (the "Share Offer"). The net proceeds from the Share Offer was HK\$24.0 million after payment of transaction cost and listing expenses. As disclosed in the Announcement, the Board resolved to reallocate the use of the Share Offer net proceeds for acquiring a six-colour offset press to replace of one of the Group's existing four-colour offset press.

The following table sets forth the status of the use of proceeds from the Share Offer up to 30 September 2019.

	Planned use of the net proceeds as announced on 18 October 2018 (adjusted according to the actual net proceeds received) HK\$ million (approximately)	Utilized net proceeds up to 30 September 2019 HK\$ million (approximately)	Unutilized net proceeds up to 30 September 2019 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	0.8	0.1
Total	24.0	11.5	12.5

The remaining unused net proceeds as at 30 September 2019 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 2019, 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.

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any events after the reporting period that requires disclosure.

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

As at 30 September 2019, 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 2019

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.

OTHER INFORMATION

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 2019, 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 2019

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 2019, 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 2019.

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 2019.

COMPETING BUSINESS

For the six months ended 30 September 2019, 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.

OTHER INFORMATION

INTERESTS OF COMPLIANCE ADVISER

As at 30 September 2019, 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 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Company established an audit committee ("Audit Committee") with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and 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 unaudited condensed consolidated financial statements have not been audited. The Audit Committee has reviewed with the management of the Group the unaudited condensed consolidated financial statements, the interim report, the accounting principles and policies adopted by the Group, and other financial reporting matters. The Audit Committee is satisfied that the unaudited condensed consolidated financial statements complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

By order of the Board of
Universe Printshop Holdings Limited
Chau Man Keung
Chairman and Executive Director

Hong Kong, 7 November 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.

INTERIM RESULTS

The Board of the Company is pleased to present the unaudited condensed consolidated results of the Group for the six months ended 30 September 2019 together with the unaudited comparative figures for the corresponding periods in 2018 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2019

	Note	Unaudited Six months ended 30 September 2019 HK\$	2018 HK\$
Revenue	3	73,857,287	76,250,157
Cost of sales		(58,732,033)	(61,043,764)
Gross profit		15,125,254	15,206,393
Other income		752,400	613,099
Other gains or losses		3,243,746	31,549
Selling and administrative expenses		(18,052,491)	(17,993,217)
Profit/(Loss) from operations		1,068,909	(2,142,176)
Finance costs		(364,916)	(131,908)
Profit/(Loss) before taxation		703,993	(2,274,084)
Income tax (expense)/credit	4	(151,481)	112,335
Profit/(Loss) and total comprehensive income for the period attributable to owners of the Company		552,512	(2,161,749)
		HK cents	HK cents
Earnings/(Loss) per share			
Basic and diluted	5	0.06	(0.24)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

	Note	Unaudited 30 September 2019 HK\$	Audited 31 March 2018 HK\$
ASSETS AND LIABILITIES			
Non-current asset			
Property, plant and equipment	7	22,176,342	23,383,592
Right-of-use assets		8,962,957	—
Intangible assets		217,677	257,649
Deposits for acquisition of non-current assets		124,500	124,500
Deferred tax assets		512,507	237,413
		31,993,983	24,003,154
Current assets			
Inventories		3,817,451	3,335,951
Trade and other receivables, prepayments and deposits	8	14,430,256	14,909,453
Prepaid tax		669,316	467,014
Cash and cash equivalents		38,475,394	36,526,379
		57,392,417	55,238,797
Current liabilities			
Trade and other payables	9	23,316,588	21,453,855
Contract liabilities		1,154,372	1,712,175
Lease liabilities		6,878,585	—
Obligations under finance leases		—	1,186,151
Provision for reinstatement cost		220,000	220,000
Current taxation		588,833	594,945
		32,158,378	25,167,126
Net current assets		25,234,039	30,071,671
Total assets less current liabilities		57,228,022	54,074,825

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

	Note	Unaudited 30 September 2019 HK\$	Audited 31 March 2018 HK\$
Non-current liabilities			
Lease liabilities		3,566,191	—
Obligations under finance leases		—	1,371,457
Deferred tax liabilities		793,057	387,106
		4,359,248	1,758,563
Net assets			
		52,868,774	52,316,262
CAPITAL AND RESERVES			
Share capital	10	9,000,000	9,000,000
Reserves		43,868,774	43,316,262
Total equity		52,868,774	52,316,262

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2019

	Share capital HK\$	Share premium HK\$	Capital reserve HK\$	Accumulated losses HK\$	Total HK\$
At 1 April 2018 (audited)	9,000,000	29,644,379	20,077,867	(1,070,728)	57,651,518
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
At 1 April 2019 (audited)	9,000,000	29,644,379	20,077,867	(6,405,984)	52,316,262
Profit and total comprehensive income for the period	—	—	—	552,512	552,512
At 30 September 2019 (unaudited)	9,000,000	29,644,379	20,077,867	(5,853,472)	52,868,774

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2019

	Unaudited	
	Six months ended	
	30 September	
	2019	2018
	HK\$	HK\$
Operating activities		
Cash generated from/(used in) operations	6,154,616	(10,871,975)
Tax paid	(229,037)	(11,987)
Net cash generated from/(used in) operating activities	5,925,579	(10,883,962)
Investing activities		
Payment for the purchase of property, plant and equipment	(2,255,007)	(981,746)
Proceeds from the sales of property, plant and equipment	3,329,526	—
Interest received	179,798	327
Net cash generated from/(used in) investing activities	1,254,317	(981,419)
Financing activities		
Payment of lease liabilities	(4,865,964)	—
Interest paid	(364,916)	—
Capital element of financial lease payments	—	(463,209)
Interest element of financial lease payments	—	(131,908)
Net cash used in financing activities	(5,230,880)	(595,117)
Net increase/(decrease) in cash and cash equivalents	1,949,016	(12,460,498)
Cash and cash equivalents at the beginning of the period	36,526,378	68,202,560
Cash and cash equivalents at the end of the period	38,475,394	55,742,062

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The Company is a public limited company incorporated in the Cayman Islands on 27 April 2017 as an exempted company and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 28 March 2018. The Company was incorporated in the Cayman Islands under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is Office F, 12/F Legend Tower, No. 7 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong. Its controlling shareholder is Mr. Chau Man Keung, who is also an executive director of the Company.

The Company acts as an investment holding company. The subsidiaries of the Company (together, the “Group”) are principally engaged in the provision of general printing services and trading of printing products.

The unaudited condensed consolidated financial information of the Group for the six months ended 30 September 2019 which has not been audited but has been reviewed by the audit committee of the Company. The unaudited condensed consolidated financial information was approved for issue by the Board of directors on 7 November 2019.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basic of preparation and presentation

The unaudited condensed consolidated financial statements for the six months ended 30 September 2019 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 unaudited condensed consolidated financial statements should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2019.

The accounting policies adopted in the preparation of the unaudited condensed consolidated financial statements are same as those applied in the preparation of the Group’s annual financial statements for the year ended 31 March 2019 (the “2019 Annual Financial Statements”), except for the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) and interpretations issued by HKICPA that are first effective for the current accounting period of the Company. Except for the impact of HKFRS 16 as set out in the 2019 Annual Financial Statements, there has been no significant change to the accounting policy applied in these unaudited condensed consolidated financial statements for the period presented as a result of adoption of these amendments.

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

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”) unless otherwise stated.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are the provision of general printing services and trading of printing products.

The amount of each significant category of revenue is as follows:

	Unaudited Six months ended 30 September	
	2019 HK\$	2018 HK\$
Revenue from contracts with customers within the scope of HKFRS 15		
Timing of revenue recognition — At a point in time		
— Offset printing	56,093,015	57,546,337
— Toner-based digital printing	4,750,996	4,590,227
— Ink-jet printing	10,276,572	11,231,311
— Other services	2,736,704	2,882,282
	73,857,287	76,250,157

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

(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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

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.

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 segment information provided to the Executive Directors for the reportable segments for the six months ended 30 September 2019 and 2018 is as follows:

	Unaudited									
	Six months ended 30 September									
	Offset printing		Digital printing		Ink-jet		Other services		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Reportable segment revenue	56,093,015	57,546,337	4,750,996	4,590,227	10,276,572	11,231,311	2,736,704	2,882,282	73,857,287	76,250,157
Gain on disposal of property, plant and equipment	3,183,893	—	57,485	40,000	—	—	—	—	3,241,378	40,000
Reportable segment profit	5,442,265	1,777,031	1,000,616	1,086,128	996,721	865,207	322,463	353,725	7,762,065	4,082,091
Other revenue and net income									256,153	20,550
Finance costs									(142,288)	(12,840)
Depreciation									(251,219)	(390,107)
Unallocated office and corporate expenses									(6,920,718)	(5,973,778)
Profit/(Loss) before taxation									703,993	(2,274,084)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4 INCOME TAX EXPENSE/(CREDIT)

	Unaudited Six months ended 30 September	
	2019	2018
	HK\$	HK\$
Current tax		
Provision for Hong Kong Profits Tax for the period	20,623	96,149
Deferred tax		
Charged/(Credited) to profit or loss	130,858	(208,484)
	151,481	(112,335)

Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

The provision for Hong Kong Profits Tax is calculated at 16.5% (2018: 16.5%) of the estimated assessable profits for the period. On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax regime, the first HK\$2 million of profits of qualifying entities will be taxed at 8.25% whereas profits above HK\$2 million will be taxed at 16.5%. The profits of entities not qualifying for the two-tiered tax rates regime will continue to be taxed at a flat rate of 16.5%. The two-tiered profits tax rates regime is applicable to a nominated qualifying entity in the Group for its annual reporting period beginning on 1 April 2018.

5 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/loss per share was based on the profit attributable to ordinary equity shareholders of the Company of HK\$552,512 (30 September 2018: loss of HK\$2,161,749) and the weighted average of 900,000,000 ordinary shares (30 September 2018: 900,000,000 ordinary shares) in issue during the period.

The weighted average number of ordinary shares in issue during the six months ended 30 September 2018 and 2019 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 earnings/(loss) per share

The diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share as the Group did not have dilutive potential ordinary shares for both periods.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6 DIVIDEND

The board does not recommend the payment of dividend of the six months ended 30 September 2019 (30 September 2018: Nil).

7 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2019, the Group acquired property, plant and equipment of HK\$2,353,007 (30 September 2018: HK\$981,746).

8 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	Unaudited At 30 September 2019 HK\$	Audited At 31 March 2019 HK\$
Trade receivables	12,720,925	12,175,074
Less: Loss allowance	(484,860)	(483,588)
	12,236,065	11,691,486
Other receivables, prepayments and deposits	2,194,191	3,217,967
	14,430,256	14,909,453

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (Continued)

Ageing analysis

At 30 September 2019 and 31 March 2019, the ageing analysis of trade receivables, based on invoice date and net of allowance for doubtful debts, is as follows:

	Unaudited At 30 September 2019 HK\$	Audited At 31 March 2019 HK\$
Within 1 month	5,351,520	5,079,009
1 to 2 months	3,472,856	2,919,624
2 to 3 months	1,800,581	1,860,726
Over 3 months	1,611,108	1,832,127
	12,236,065	11,691,486

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

9 TRADE AND OTHER PAYABLES

	Unaudited At 30 September 2019 HK\$	Audited At 31 March 2019 HK\$
Trade payables	17,519,039	16,052,301
Accruals	3,638,074	3,306,981
Other payables	186,300	42,870
Provision for long service payments	1,973,175	2,051,703
	23,316,588	21,453,855

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9 TRADE AND OTHER PAYABLES (Continued)

At 30 September 2019 and 31 March 2019, the ageing analysis of trade payables based on the invoice date is as follows:

	Unaudited At 30 September 2019 HK\$	Audited At 31 March 2019 HK\$
Within 1 month	11,494,236	10,931,206
1 to 2 months	2,241,646	3,513,593
2 to 3 months	2,372,120	1,589,266
Over 3 months	1,411,037	18,236
	17,519,039	16,052,301

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 2019 and 30 September 2019	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 2019 and 30 September 2019	900,000,000	9,000,000

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10 SHARE CAPITAL (Continued)

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.
- (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

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

(a) Key management personnel remuneration

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

	Unaudited Six months ended 30 September	
	2019 HK\$	2018 HK\$
Directors' fee	216,000	216,000
Salaries, allowances and benefits in kind	1,651,000	1,435,000
Discretionary bonuses	—	—
Retirement scheme contributions	36,000	36,000
	1,903,000	1,687,000

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties

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

	2019 HK\$	2018 HK\$
Rental expenses paid/payable to the following related companies which are controlled by the same controlling shareholder		
– Universe Printing Company Limited	1,440,000	1,440,000
– Universe Samfine Limited	216,000	–
Purchase of motor vehicles from the following related company which is controlled by the same controlling shareholder		
– Universe Printing Company Limited	–	295,597

(c) Balance with a related party

As at 30 September 2019, the Group had the following balance with a related party:

	Unaudited At 30 September 2019 HK\$	Audited At 31 March 2019 HK\$
Rental deposit paid to the following related companies which are controlled by the same controlling shareholder		
– Universe Printing Company Limited	480,000	480,000
– Universe Samfine Limited	72,000	72,000

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