



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
2019

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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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FINANCIAL HIGHLIGHTS

The revenue of the Company and its subsidiaries (the “Group”) was approximately HK\$110.4 million for the nine months ended 31 December 2019 representing a decrease from approximately HK\$118.9 million for the nine months ended 31 December 2018. Such decrease was mainly attributable to worsening economic sentiment in Hong Kong.

The gross profit was approximately HK\$21.8 million for the nine months ended 31 December 2019, representing a decrease of approximately 11.2% as compared to HK\$24.5 million for the nine months ended 31 December 2018 which is mainly due to the decrease in revenue. The gross profit margin decreased from 20.6% to 19.7%, triggered by the increase in per unit fixed cost as a result of the decrease in production volume.

The loss attributable to owners of our Company was approximately HK\$4.6 million for the nine months ended 31 December 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 net loss of HK\$1.2 million recorded for the nine months ended 31 December 2018. Such decrease was mainly attributable to the decrease in revenue. The Group will pay close attention to 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 2019 (for the nine months ended 31 December 2018: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

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\$110.4 million for the nine months ended 31 December 2019 (“Q3 2019”), representing a decrease of approximately 7.2% as compared to the revenue of approximately HK\$118.9 million for the nine months ended 31 December 2018 (“Q3 2018”). For Q3 2019, the Group recorded a net loss of approximately HK\$4.6 million (excluding 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\$1.2 million for Q3 2018. The social activities have adversely affected the number of customer visits and our opening hours of some of our retail stores. Meanwhile, two underperformed stores were closed down in Q3 2019. Demand of printing services has been weakening as a result of the substantial decline of various marketing activities by the Group’s customers in Hong Kong.

The economic downturn, uncertainties towards future economic prospects have adversely affected our results of operations. Such negative impact is expected to persist in the foreseeable future. The Group will continue to take actions to control costs and drive efficiency to maintain our profitability and competitiveness in the market. Looking forward, in light of the challenges in the traditional printing business, the Group is exploring market opportunities for vertical, horizontal expansion and services diversification. Non-paper printing business, such as personalisation services, is one of the sectors that the Group is attempting to develop. The Group is seeking to join forces with different designers, vendors, subcontractors and partners to tap into this new business segment to strive for sustainable growth of our business.

Due to the outbreak of the novel coronavirus in the People’s Republic of China (the “PRC”), the manufacturing factory of our major subcontractor in the PRC is still closed as at the date of this report. This has substantially affected the provision of our printing service since February 2020. The suspension is likely to have a negative impact on the Group’s business and the Board is sourcing alternative supply from other subcontractors in Hong Kong.

FINANCIAL REVIEW

Revenue

The total revenue of the Group for Q3 2019 was decreased by HK\$8.5 million or 7.2% to HK\$110.4 million as compared to HK\$118.9 million for Q3 2018. The decrease in total revenue was mainly due to the overall decrease in demand in all segments as a result of the worsening market sentiment in Hong Kong particularly in the second half of 2019.

Offset printing continued to account for the largest share of the Group’s revenue. It generated HK\$84.0 million or 76.1% of the Group’s total revenue, a decrease of HK\$5.2 million or 5.9% as compared to HK\$89.3 million in Q3 2018.

Ink-jet printing generated revenues amounting to HK\$15.8 million, representing a decrease of HK\$2.6 million or 14.3% as compared to HK\$18.4 million in Q3 2018.

Revenue from toner-based digital printing decreased from HK\$7.0 million in Q3 2018 to HK\$6.6 million in Q3 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue from other services remained relatively stable in Q3 2019 and Q3 2018, amounted to HK\$4.0 million and HK\$4.2 million and contributed to 3.6% and 3.5% of our Group's total revenue for Q3 2019 and Q3 2018, respectively.

Cost 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\$94.4 million in Q3 2018 to HK\$88.7 million in Q3 2019, which was in tandem with the decline in revenue.

Gross profit and gross profit margin

The gross profit of the Group decreased from HK\$24.5 million for Q3 2018 to HK\$21.8 million for Q3 2019. The gross profit margin decreased from 20.6% to 19.7%, triggered by the increase in per unit fixed cost as a result of the decrease in production volume.

Other gains or losses

Other gains or losses in Q3 2019 mainly represent gain on disposal of a four-colour offset press amounting to approximately HK\$3.2 million.

Loss for the period attributable to owners of the Company

For Q3 2019, the Group recorded a net loss of approximately HK\$4.6 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\$1.2 million for Q3 2018. Such decrease was mainly attributable to the decrease in revenue as a result of the worsening economic sentiment in Hong Kong.

DIVIDENDS

The Board does not recommend the payment of an interim dividend for Q3 2019 (Q3 2018: Nil).

OTHER INFORMATION

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

As at 31 December 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 31 December 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 31 December 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 31 December 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 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 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 nine months ended 31 December 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 nine months ended 31 December 2019.

COMPETING BUSINESS

For the nine months ended 31 December 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 31 December 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 quarterly 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, 11 February 2020

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.

THIRD QUARTERLY RESULTS

The Board of the Company is pleased to present the unaudited condensed consolidated results of the Group for the nine months ended 31 December 2019 together with the unaudited comparative figures for the corresponding periods in 2018 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 31 December 2019

	Note	Unaudited Three months ended 31 December		Unaudited Nine months ended 31 December	
		2019 HK\$	2018 HK\$	2019 HK\$	2018 HK\$
Revenue	3	36,564,678	42,677,515	110,421,965	118,927,672
Cost of sales		(29,936,904)	(33,375,973)	(88,668,937)	(94,419,737)
Gross profit		6,627,774	9,301,542	21,753,028	24,507,935
Other revenue		420,109	286,195	1,172,509	899,294
Other net income		996	(11,163)	3,244,742	20,386
Selling and administrative expenses		(9,069,748)	(8,281,690)	(27,122,239)	(26,274,907)
(Loss)/Profit from operations		(2,020,869)	1,294,884	(951,960)	(847,292)
Finance costs		(190,696)	(58,478)	(555,612)	(190,386)
(Loss)/Profit before taxation		(2,211,565)	1,236,406	(1,507,572)	(1,037,678)
Income tax credit/(expense)	4	289,754	(252,538)	138,273	(140,203)
(Loss)/Profit and total comprehensive income for the period attributable to owners of the Company		(1,921,811)	983,868	(1,369,299)	(1,177,881)
		HK cents	HK cents	HK cents	HK cents
(Loss)/Earnings per share					
Basic and diluted	5	(0.21)	0.11	(0.15)	(0.13)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 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	—	—	—	(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
At 1 April 2019 (audited)	9,000,000	29,644,379	20,077,867	(6,405,984)	52,316,262
Loss and total comprehensive income for the period	—	—	—	(1,369,299)	(1,369,299)
At 31 December 2019 (unaudited)	9,000,000	29,644,379	20,077,867	(7,775,283)	50,946,963

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 nine months ended 31 December 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 11 February 2020.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basic of preparation and presentation

The unaudited condensed consolidated financial statements for the nine months ended 31 December 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 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	
	2019 HK\$	2018 HK\$	2019 HK\$	2018 HK\$
Revenue from contracts with customers within scope of HKFRS15				
Timing of revenue recognition –				
At a point of time				
– Offset printing	27,937,117	31,729,728	84,030,132	89,276,065
– Toner-based digital printing	1,823,603	2,438,130	6,574,599	7,028,357
– Ink-jet printing	5,520,567	7,207,428	15,797,139	18,438,739
– Other services	1,283,391	1,302,229	4,020,095	4,184,511
	36,564,678	42,677,515	110,421,965	118,927,672

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 INFORMATION (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 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 2019 and 2018 is as follows:

	Unaudited									
	Three months ended 31 December									
	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	27,937,117	31,729,728	1,823,603	2,438,130	5,520,567	7,207,428	1,283,391	1,302,229	36,564,678	42,677,515
Gain on disposal of property, plant and equipment	—	—	—	20,000	—	—	—	—	—	20,000
Reportable segment profit	114,659	1,585,969	408,660	780,832	379,815	322,074	239,828	305,545	1,142,962	2,994,420
Other revenue and net income									219,755	8,970
Finance costs									(82,872)	(5,707)
Depreciation									(127,265)	(201,217)
Unallocated office and corporate expenses									(3,364,145)	(1,560,060)
(Loss)/Profit before taxation									(2,211,565)	1,236,406

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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	
2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	
Reportable segment revenue	84,030,132	89,276,065	6,574,599	7,028,357	15,797,139	18,438,739	4,020,095	4,184,511	110,421,965	118,927,672
Gain on disposal of property, plant and equipment	3,183,893	—	57,485	60,000	—	—	—	—	3,241,378	60,000
Reportable segment profit	5,556,924	3,363,000	1,409,276	1,866,960	1,376,536	1,187,281	562,291	659,270	8,905,027	7,076,511
Other revenue and net income									475,908	29,520
Finance costs									(225,160)	(18,547)
Depreciation									(378,484)	(591,324)
Unallocated office and corporate expenses									(10,284,863)	(7,533,838)
Loss before taxation									(1,507,572)	(1,037,678)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4 INCOME TAX (CREDIT)/EXPENSE

	Unaudited Three months ended 31 December		Unaudited Nine months ended 31 December	
	2019 HK\$	2018 HK\$	2019 HK\$	2018 HK\$
Current tax				
Provision for Hong Kong Profits Tax for the period	—	406,545	20,623	502,694
Deferred tax				
Credited to profit or loss	(289,754)	(154,007)	(158,896)	(362,491)
	(289,754)	252,538	(138,273)	140,203

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share was based on the (loss)/profit attributable to ordinary equity shareholders of the Company of HK\$1,369,299 (31 December 2018: HK\$1,177,881) and the weighted average of 900,000,000 ordinary shares (31 December 2018: 900,000,000 ordinary shares) in issue during the period.

The weighted average number of ordinary shares in issue during the nine months ended 31 December 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 (loss)/earnings per share

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