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

Annual Report 2020

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

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This 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 the GEM (the "GEM Listing Rules") for the purpose of giving information with regard to the Company and its subsidiaries (together, the "Group"). The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

Contents

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

Chairman's Statement

Dear Shareholders,

On behalf of the board of Directors (the "Board"), I am pleased to present the annual report of the Company for the year ended 31 March 2020 ("FY2020").

BUSINESS REVIEW AND OUTLOOK

The Group is principally engaged in providing printing services to 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 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$133.4 million for FY2020, representing a decrease of approximately 12.6% as compared to the revenue of approximately HK$152.7 million for the year ended 31 March 2019 ("FY2019"). For FY2020, the Group recorded a net loss of approximately HK$11.0 million (excluding a one-off gain on disposal of property, plant and equipment of approximately HK$3.2 million and a one-off impairment loss on property, plant and equipment and right-of-use assets of approximately HK$7.7 million), as compared to a net loss of HK$5.4 million for FY2019. 2020 was a challenging year for the Group. The impact of the outbreak of the novel coronavirus ("COVID-19"), economic downturn and uncertainties towards future economic prospects have adversely affected our results of operations. The Board expects such negative impact to persist in near term. As such, two underperformed stores were closed down in FY2020. 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 unfavorable economic and market conditions, the Group is exploring market opportunities for horizontal expansion and services diversification. The Group will continue to strengthen its competitive advantages and brand name to increase market share in the industry. As disclosed in the previous announcement dated 23 March 2020, the Group is in negotiation to purchase printing-related machines to achieve manufacturing cost reduction. Meanwhile, the Group is developing a non-paper printing business, such as personalisation services. 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.

APPRECIATION

I would like to express my sincere gratitude to the Board, management and staffs for their strenuous contribution towards the Group. In addition, I would also like to take this opportunity to sincerely thank our business partners and shareholders for their continuous support and trust. I believe all members of the Group will dedicate their best efforts to drive business growth and to deliver enhanced returns to shareholders.

Mr. CHAU Man Keung
Chairman
Hong Kong, 24 June 2020

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The total revenue of the Group for FY2020 decreased by HK$19.3 million or 12.6% to HK$133.4 million as compared to HK$152.7 million for FY2019. The decrease in revenue was caused by the decline in the demand for printing services due to the significant reduction in marketing activities. The social unrest since June 2019, together with the outbreak of the novel coronavirus pandemic since January 2020, have worsened the market sentiment in Hong Kong during FY2020. As a result, the Group's customers have reduced their respective marketing activities.

Offset printing continued to account for the largest share of the Group's revenue. It generated HK$101.6 million or 76.1% of the Group's total revenue, a decrease of HK$12.4 million or 10.9% as compared to HK$114.0 million in FY2019, which was mainly attributable to the decrease in the demand of printing services as mentioned above.

Ink-jet printing generated revenues amounting to HK$18.6 million, representing a decrease of HK$5.3 million or 22.2% as compared to HK$23.9 million in FY2019, which was mainly attributable to the decrease in the demand of printing services as mentioned above.

Revenue from toner-based digital printing decreased from HK$9.5 million in FY2019 to HK$8.2 million in FY2020, which was mainly attributable to the decrease in the demand of printing services as mentioned above.

Revenue from other services remained relatively stable in FY2020 and FY2019, amounted to HK$5.1 million and HK$5.3 million and contributed to 3.8% and 3.5% of our Group's total revenue for FY2020 and FY2019, respectively.

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$124.4 million in FY2019 to HK$108.4 million in FY2020 due to the lower volume of sales orders, which was in tandem with the decline in revenue.

Gross profit and gross profit margin

The gross profit of the Group decreased from HK$28.3 million for FY2019 to HK$25.1 million for FY2020, which was in tandem with the decline in revenue and costs of sales. The gross profit margin remained relatively stable at 18.8% for FY2020 as compared to 18.6% for FY2019.

Other gains

Other gains in FY2020 of approximately HK$3.2 million mainly represent gain on disposal of a four-colour offset press.

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

The impairment loss mainly represented the impairment on assets (including property, plant and equipment and right-of-use assets) of HK$7.7 million to the recoverable amounts based on the impairment assessment for the year ended 31 March 2020. The value of the impairment loss ascribes to value-in-use valuation basis and was recognised due to decrease in revenue and financial performance over the forecast periods as a result of social unrest and outbreak of COVID-19 during the FY2020.

FINANCIAL REVIEW (Continued)

Finance Cost

The finance costs of the Group increased from HK$0.2 million for FY2019 to HK$0.7 million, which was primarily attributable to the adoption of HKFRS 16 effective from 1 April 2019.

Loss for the year and attributable to owners of the Company

For FY2020, the Group recorded a net loss of approximately HK$11.0 million (excluding the impact of a one-off gain on disposal of property, plant and equipment of approximately HK$3.2 million and a one-off impairment loss on property, plant and equipment and right-of-use assets of approximately HK$7.7 million), as compared to a net loss of HK$5.4 million for FY2019. Such decrease was mainly attributable to the decrease in revenue as a result of the worsening economic sentiment in Hong Kong.

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

As at 31 March 2020, right-of-use assets, lease liabilities and obligations under finance leases amounted to HK$8.3 million (2019: nil), HK$14.5 million (2019: nil), and nil (2019: HK$2.6 million), respectively. The change was primarily attributable to the adoption of HKFRS 16 effective from 1 April 2019.

Trade and other receivables

The trade and other receivables of the Group decreased from HK$14.9 million as at 31 March 2019 to HK$9.0 million as at 31 March 2020 which was primarily due to the decrease in trade receivables (net of allowance for doubtful debts) of the Group from HK$11.7 million as at 31 March 2019 to HK$7.0 million as at 31 March 2020 as a result of the decline in revenue, the tightening of credit policies and improved collections on trade receivables.

Cash and cash equivalents

The cash and cash equivalents of the Group significantly decreased from HK$36.5 million as at 31 March 2019 to HK$31.3 million as at 31 March 2020, which was mainly resulted from the repayment of lease installments for FY2020.

Trade and other payables

The trade and other payables of the Group decreased from HK$21.5 million as at 31 March 2019 to HK$17.8 million as at 31 March 2020. The decrease was mainly due to the decline in production activities as a result of the decrease in the demand of printing services.

Tax payables

The tax payables of the Group decreased from HK$0.6 million as at 31 March 2019 to nil as at 31 March 2020 as the Group has been operating in a loss position and minimal profits tax is payable.

FINANCIAL REVIEW (Continued)

Liquidity, financial resources and capital structure

As at 31 March 2020, the Group had net current assets of HK$16.7 million (FY2019: HK$30.1 million), of which the cash and cash equivalents were approximately HK$31.3 million (FY2019: HK$36.5 million). The Group's current ratio is 1.61 (FY2019: 2.19).

Total obligations under finance lease for the Group amounted to nil as at 31 March 2020 (FY2019: HK$2.6 million). The gearing ratio as at 31 March 2020 was 0.39 (FY2019: 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 31 March 2020, lease liabilities in the amounts of HK$7.8 million are due within one year while the amounts of HK$6.7 million are due after one year. There has been no change in the capital structure of the Group for FY2020.

EMPLOYEES AND EMOLUMENT POLICIES

As at 31 March 2020, the Group employed 125 (31 March 2019: 131) 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$32.9 million (FY2019: HK$32.6 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 a final dividend for the year ended 31 March 2020 (FY2019: nil).

CAPITAL COMMITMENTS

As at 31 March 2020, the Group had capital commitments of HK$4.3 million for acquisition of digital printers and accounting software. As at 31 March 2019, the Group had capital commitments representing acquisition of printing machinery and accounting software but not provided for of HK$2.5 million.

SIGNIFICANT INVESTMENTS

There was no significant investments held as at 31 March 2020.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisition or disposal of associates, joint ventures or subsidiaries during FY2020.

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 Directors are aware that the Group is exposed to various types of risks, including operational risks, market risks, liquidity risks, credit risks and regulatory risks. The following highlights some of the risks which are considered material by our Directors:

The outbreak of Novel Coronavirus

The outbreak of Novel Coronavirus ("COVID-19") has impact on the global business environment since the beginning of 2020. COVID-19 has resulted in material impacts to the Group mainly from significant decrease in sales orders during the year. Management expects that the financial performance of the Group in 2021 might still be affected to a certain extent, which will depend on the new development concerning the global severity of and actions taken to contain the COVID-19 outbreaks that are highly uncertain.

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.

We may face 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 31 March 2020, certain machineries and motor vehicle of the Group with a carrying value of HK$87,994 (FY2019: HK$835,126) were held under finance leases.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 March 2020.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The following is a comparison of the Group's business plan as set out in the prospectus of the Company dated 13 March 2018 (the "Prospectus"), with actual business progress up to 31 March 2020.

Business plan as set in the Prospectus	Progress up to 31 March 2020
Purchase of a five-colour offset press	As disclosed in the announcement of the Company dated 18 October 2018 (the "First Announcement"), the Group entered into the purchase agreement for the acquisition of a six-colour offset press. For the detailed reasons for the change in use of proceeds, please refer to the First Announcement. As at the date of this report, the set up of the six-colour offset press was completed.
Purchase of a hybrid printer	As disclosed in the announcement of the Company dated 23 March 2020 (the "Second Announcement"), the Board resolved to reallocate the proceed for other purpose. For the detailed reasons for the change in use of proceeds, please refer to the Second Announcement.
Expansion of our store network	As disclosed in the Second Announcement, the Board resolved to reallocate the proceed for other purpose. For the detailed reasons for the change in use of proceeds, please refer to the Second Announcement.
Lease of four digital printers	As disclosed in the Second Announcement, the Group entered into a finance lease agreement for the lease of four digital printers at a total lease payment of HK$5 million. As of the date of this report, the set up of the digital printers was completed.
Purchase of printing related machines	As at 31 March 2020, the Group is in negotiation to purchase approximately HK$1.9 million of printing related machines form an independent third party.
Upgrade information technology systems	As at the date of this report, the set up of the Company's website and mobile application was completed.

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. On 18 October 2018, 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 "First Change in UOP").

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

	Planned use of the net proceeds as announced on 18 October 2018 (adjusted according to the actual net proceeds received) HK$ million (approximately)	Utilized net proceeds up to 22 March 2020 HK$ million (approximately)	Unutilized net proceeds up to 22 March 2020 HK$ million (approximately)
Purchase of a six-colour offset press	10.7	10.7	—
Purchase of a hybrid printer	10.5	—	10.5
Expansion of our store network	1.9	—	1.9
Upgrade information technology systems	0.9	0.9	—
Total	24.0	11.6	12.4

On 23 March 2020, the Board resolved to have a second change the use of net proceeds (the "Second Change in UOP"). Details of the Second Change in UOP up to 31 March 2020 are set out as follows:

	Planned use of the net proceeds as announced on 23 March 2020 (adjusted according to the actual net proceeds received) HK$ million (approximately)	Utilized net proceeds up to 31 March 2020 HK$ million (approximately)	Unutilized net proceeds up to 31 March 2020 HK$ million (approximately)
Purchase of a six-colour offset press	10.7	10.7	—
Lease of four digital printers	5.0	—	5.0
Purchase of printing related machines	5.0	—	5.0
Working capital	2.4	2.4	—
Upgrade information technology systems	0.9	0.9	—
Total	24.0	14.0	10.0

USE OF PROCEEDS (Continued)

The remaining unused net proceeds as at 31 March 2020 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 31 March 2020, save for as disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus, the First Announcement and the Second Announcement, the Group did not have any plans for material investments and capital assets.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. CHAU Man Keung (周文強), aged 59, is an executive Director and the chairman of our Board. Mr. Chau was a co-founder of our Group and is primarily responsible for the overall management, strategic planning and development of our Group. Mr. Chau was appointed as a Director on 27 April 2017 and was re-designated as an executive Director and appointed as the chairman of the Board on 2 June 2017. He is the compliance officer on the Company, the chairman of the risk management committee and a member of both the remuneration committee and the nomination committee of our Board. He is also a director of each of the subsidiaries of our Company, namely, Universe Printshop Limited, All In 1 Printing (Group) Limited, Universe Printing Holdings Limited, Print Shop Limited, Startec Colour Separation Printing Limited and Net Printshop Limited.

Mr. Chau has 32 years of experience in the printing industry in Hong Kong. He co-founded our Group in 2001. Prior to joining our Group, Mr. Chau had accumulated more than 15 years' industry experience through setting up a partnership business with his other business partners to provide printing services in Hong Kong from June 1987 to 2001 prior to co-founding our Group. Mr. Chau attended secondary education in Hong Kong. He completed the Assessor Training course "Printing industry — Electronic Commerce Business" (competency level 4) in May 2017 under the Recognition of Prior Learning (RPL) scheme, aiming to enable practitioners with various backgrounds to receive formal recognition of the knowledge, skills and experience already acquired.

Mr. HSU Ching Loi (許清耐), aged 48, is an executive Director and chief executive officer of our Company. Mr. Hsu was a co-founder of our Group and is principally responsible for overall management of our Group's business operation and development, formulating production procedure, pricing strategy, sourcing of raw materials, and overseeing our Group's human resources department. Mr. Hsu was appointed as a Director on 27 April 2017 and was re-designated as an executive Director and appointed as the chief executive officer of our Company on 2 June 2017. He is a member of the risk management committee of the Board. He is also a director of All In 1 Printing (Group) Limited and Universe Printing Holdings Limited.

Mr. Hsu has 32 years of experience in the printing industry in Hong Kong. He co-founded our Group in 2001. Prior to joining our Group, Mr. Hsu worked in several private printing companies in Hong Kong from 1987 to 2001 prior to co-founding our Group with Mr. Chau. Mr. Hsu is currently the Vice Chairman of The Hong Kong Printers Investment Association (香港印刷業投資協會). Mr. Hsu attended secondary education in the People's Republic of China.

Mr. WONG Man Hin Joe (黃文軒), aged 50, is an executive Director and is principally responsible for overall management of our Group's business and overseeing daily operation, in particular overseeing the inkjet printing operation. Mr. Wong was appointed as a Director on 27 April 2017 and was re-designated as our executive Director on 2 June 2017. He is also a director of Startec Colour Separation Printing Limited.

Mr. Wong has over 27 years of experience in the printing industry in Hong Kong. He joined our Group in March 2002. Prior to joining our Group, Mr. Wong had worked with Mr. Chau's business providing printing services in Hong Kong from 1991 to 2002 as a printing technician. Mr. Wong attended secondary school education in Hong Kong.

EXECUTIVE DIRECTORS (Continued)

Mr. LEUNG Yuet Cheong (梁悦昌), aged 58, is an executive Director. He is principally responsible for overall management of our Group's business and overseeing daily operation, in particular sales and marketing of our Group. Mr. Leung was appointed as a Director on 27 April 2017 and was re-designated as our executive Director on 2 June 2017. He is also a director of Print Shop Limited.

Mr. Leung has over 20 years of experience in the printing industry in Hong Kong. He joined our Group in April 2005 and was appointed as a director of Print Shop Limited in September 2005. Mr. Leung also had 22 years of marketing experience prior to joining our Group. Mr. Leung attended secondary education in Hong Kong.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. WAN Aaron Chi Keung, ***BBS, JP*** **(尹志強)**, aged 70, was appointed as an independent non-executive Director on 26 February 2018 and the chairman of the remuneration committee and a member of the audit committee, nomination committee and risk management committee of the Board. Mr. Wan obtained a degree of master of Business Administration from The Chinese University of Hong Kong in 2008 and a degree of master of Buddhist studies from The University of Hong Kong in 2010. Mr. Wan was appointed as a Justice of the Peace (JP) in 1997 and was awarded the Bronze Bauhinia Star (BBS) in the Hong Kong Special Administrative Region 2004 Honours List. Mr. Wan is engaged in the business of property and chattel valuation and auction. Mr. Wan is a fellow of The Royal Institution of Chartered Surveyors, an associate of The Institution of Business Agents, a member of The Land Institute (London), an associate of The Chartered Institute of Arbitrators and a fellow of The Institute of Administrative Accounting. Mr. Wan is currently an independent non-executive director of Lee & Man Chemical Company Limited (stock code: 746) and CNC Holdings Limited (stock code: 8356), both listed on the Stock Exchange of Hong Kong Limited (Stock Exchange).

Mr. CHAN Chun Kit (陳俊傑), aged 37, was appointed as an independent non-executive Director of our Board on 26 February 2018, and the chairman of the audit committee and a member of the remuneration committee, the nomination committee and the risk management committee of our Board. Mr. Chan has academic foundation, professional qualifications and over 13 years' experience in financial advisory, financial reporting, financial management, corporate governance and audit in various listed companies and professional firm.

Mr. Chan is currently the director of Raffles Financial Group Limited, listed on the Canadian Securities Exchange (Stock Code: RICH) and is responsible for providing overseas IPO, RTO, Pre-IPO investments, M&A and financial advisory services to clients based in PRC, HK and overseas. Prior to his current directorship, he held finance in-charge positions in two other listed companies on the Mainboard of Singapore Exchange for 9 years. From 2018 and 2020, he was the regional financial controller of KTL Global Limited (Stock Code: EB7) and between 2011 to 2018, he has been the chief financial officer and company secretary at China Flexible Packaging Holdings Limited (Stock Code: CFLX). Mr. Chan began his career by working in an international audit firm as an auditor in 2007 and held supervisory auditing position when he left in 2011.

Concurrently, Mr. Chan serves as an Independent Non-Executive Director of GS Holdings Limited, listed on the Singapore Exchange (Stock Code: 43A) since 2019. He had also served as the Independent Non-Executive Director (also the Audit Committee Chairman) of Hua Han Health Industry Holdings Limited, listed on the Mainboard of Hong Kong Stock Exchange (Stock Code: 0587) from 2017 to 2018.

Mr. Chan is a Certified Public Accountant and a member of the Hong Kong Institute of Certified Public Accountants. He is also a Chartered Governance Professional and Chartered Company Secretary, as well as members of the Chartered Governance Institute and the Hong Kong Institute of Chartered Secretaries. He is also a member of the Singapore Institute of Directors. He graduated from the Hong Kong Polytechnic University with a Master's Degree in Corporate Governance in 2014 and a Bachelor Degree in Accountancy in 2007.

INDEPENDENT NON-EXECUTIVE DIRECTORS (Continued)

Dr. SUN Yongjing (孫咏菁), aged 48, was appointed as an independent non-executive Director on 26 February 2018. Being the chairlady of the nomination committee and a member of the audit committee, the remuneration committee and the risk management committee of the Board, she is responsible for providing independent judgment to the Group. She has been an assistant professor in the School of Accounting and Finance under the Faculty of Business at The Hong Kong Polytechnic University since 2004, after she completed her Doctor of Philosophy at the City University of Hong Kong. Dr. Sun worked as an assistant lecturer at the Shanghai University of Finance & Economics during the period from September 1993 to August 1997. During the period from September 1997 to August 1999 and July 2002 to October 2004, Dr. Sun served various positions including demonstrator II, senior research assistant and lecturer at the City University of Hong Kong.

SENIOR MANAGEMENT

Mr. WANG Hsiung Yu (王雄育), aged 47, joined our Group as a technician in September 2006 and has been the Production Manager of our Group since 2009. Mr. Wang is primarily responsible for overseeing and supervising workers in printing and further processing stage in production and a technical consultant of our Group. Mr. Wang has over 22 years' experience in the printing industry.

Ms. LAU Chau King (劉秋琼), aged 49, joined our Group as customer service officer in April 2003 and has been the Sales & Marketing Manager of our Group since 2006. Ms. Lau is primarily responsible for supervising the sales team.

Ms. Lau has over 22 years' experience in printing industry. Prior to joining the Group, Ms. Lau worked in several printing companies in Hong Kong.

Mr. LAM Tsz Ping (林子平), aged 34, joined our Group as technician in June 2004 and has been the information technology and pre-press manager of our Group since 2010. Mr. Lam is primarily responsible for the Group's information system management, colour management and supervising printing production procedure.

Mr. Lam has over 15 years' experience in printing industry. He has also satisfactorily completed a full-time One Year Basic Craft course in the Digital Print Media Publishing Techniques on 8 July 2004 by Vocational Training Council (VTC).

Mr. SO Hang Fung (蘇恒峯), aged 35, is the financial controller of our Group. He is primarily responsible for financial reporting, financial control matters, and assisting in corporate secretarial matters of our Group. Mr. So has more than 11 years of experience in accounting and auditing fields in Hong Kong since September 2008. Prior to joining our Group, he worked in a managerial grade position in a state-owned enterprise and the assurance department of an international audit firm.

Mr. So obtained a Bachelor of Business Administration in Accounting from The Open University of Hong Kong in 2008. He is a member of the Hong Kong Institute of Certified Public Accountants.

Directors' Report

The Board is pleased to submit this report together with the audited consolidated financial statements of the Group for the year ended 31 March 2020.

PRINCIPAL ACTIVITIES

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.

An analysis of the Group's performance for the year ended 31 March 2020 is set out in the "Management Discussion and Analysis" section of the annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2020 are set out in the consolidated statements of comprehensive income on page 55.

The Directors do not recommend the payment of a dividend for the year ended 31 March 2020.

DONATIONS

Charitable and other donations made by the Group during the year ended 31 March 2020 amounted to nil.

SHARES CAPITAL

Details of movement in the Company's share capital during the year ended 31 March 2020 are set out in Note 24(b) to the consolidated financial statements.

EQUITY LINKED AGREEMENTS

Save as disclosed in the section headed "Share Option Scheme", no equity-linked agreements were entered into by the Company at any time during the year ended 31 March 2020 or subsisted at the end of the year.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company at 31 March 2020 amounted to HK$12,361,776.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 116 of the annual report. Such summary does not form part of the audited consolidated financial statements.

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 year ended 31 March 2020 and up to the date of this report.

SHARE OPTION SCHEME

The Company adopted a share option scheme by written resolutions of shareholders passed on 26 February 2018. The purpose of the share option scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and service providers of the Group and to promote the success of the business of the Group.

The Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, consultant or adviser of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group, options to subscribe for such number of shares as it may determine in accordance with the terms of the share option scheme.

The subscription price of a share in respect of any particular option granted under the share option scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; or (iii) the nominal value of a Share on the date of grant of the option.

The total number of shares issued and to be issued upon the exercise of options granted to any participant (including both exercised and outstanding options) under the share option scheme, in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue. Any further grant of options in excess of such limit must be separately approved by shareholders in general meeting with such grantee and his close associates (or his associates if such grantee is a connected person) abstaining from voting. An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of an offer for the grant of option(s) is HK$1.0.

SHARE OPTION SCHEME (Continued)

An option may be exercised in accordance with the terms of the share option scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof. The share option scheme will remain in force for a period of ten years commencing on the date of its adoption on 26 February 2018 and will expire at the close of business on 25 February 2028. Under the said scheme, the maximum number of shares of the Company that may be issued upon the exercise of options that may be granted is 90,000,000 shares, representing approximately 10% of the issued share capital of the Company as at the date of this report. No share options were granted under the share option scheme since its adoption.

DEED OF NON-COMPETITION

For the year ended 31 March 2020, Mr. Chau Man Keung (the "Controlling Shareholder"), have confirmed to the Company of his compliance with the non-competition undertakings provided to the Company under a deed of non- competition entered into between the Controlling Shareholder and the Company dated 26 February 2018.

The independent non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under the deed of non-competition have been complied with by the Controlling Shareholder during the year ended 31 March 2020.

DIRECTORS

The Directors of the Company during the year ended 31 March 2020 and up to the date of this report were:

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

DIVIDEND POLICY

The Company has adopted a dividend policy which stipulates that in deciding whether to propose a dividend and in determining the dividend amount, the Board will take into account the results of operations, working capital, financial position, future prospects and capital requirements, as well as any other factors which the Directors may consider relevant. The payment of dividend by the Company is also subject to any restrictions under the Companies Law of the Cayman Islands and the articles of association of the Company.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company effective from 28 March 2018 which has no fixed terms and is subject to retirement by rotation. Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a fixed term of three years commencing from 28 March 2018 and is subject to retirement by rotation.

In accordance with the provisions of the Company's articles of association, Mr. Wan Aaron Chi Keung, *BBS, JP*, Mr. Hsu Ching Loi and Mr. Wong Man Hin Joe will retire and being eligible, offer themselves for re-election at the Company's forthcoming annual general meeting.

None of the Directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

Other than the related party transaction disclosed in Note 28 to the consolidated financial statements, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Group was a party and in which a Director of the Company and the Director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at anytime during the year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time for the year ended 31 March 2020 was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the Directors, their spouses or children under the age of eighteen, had any rights to subscribe for securities of the Company, or had exercised any such rights during the year.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of directors and senior management are set out on page 12 to 14 of this report.

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

As at 31 March 2020, 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 March 2020

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 March 2020, 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 March 2020

Name of Director	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.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR SUPPLIERS AND CUSTOMERS

The purchases to the five largest suppliers of the Group accounted for approximately 83.8% of the total purchases for the year and the purchases to the largest supplier included therein accounted for approximately 62.9%.

During the year, the percentage of sales attributable to the five largest customers in aggregate is less than 30% of the Group's total revenue.

None of the Directors, their close associates or any shareholder (which to the knowledge of the Directors, who owns more than 5% of the Company's share capital) had an interest in these major suppliers or customers.

KEY RELATIONSHIPS WITH EMPLOYEES AND CUSTOMERS

The Group recognises that the success in the printing industry is dependent on our employees. The principal policies concerning remuneration of employees are determined based on their duties, responsibilities, experience and skills. The Group regularly reviews and determines the remuneration and compensation packages of the employees. The Group is also committed to providing a safe and healthy environment for its employees. The Directors believe that, the management policies, working environment, development opportunities and employee benefits have contributed to employees' satisfaction levels and retention level. The Group organises bonding activities, such as annual staff dinners, to allow employees to strengthen their bonding. During the Financial Year, the Group did not experience any strike or labour dispute with our staff which had caused significant disruption to the Group's business operations.

The Group built stable and maintains good relationship with customers. The Group has dedicated sales and marketing department which carries out sales calls to potential customers and customer service department which handles customer general enquiries, complaints and feedback. If there is any complaint from customers, it will be reported to the management and immediate remedial action will be taken and feedback from the customers will be followed till settlement of the complaint. Thereafter, the cause of such compliant will be studied, analysed and evaluated and recommendations will be in place for improvement.

KEY RELATIONSHIPS WITH SUPPLIERS

The Group values sustainable supply of quality products at a high place for long-term business development.

Therefore, the Group's supplier management policy targets supplying quality and sustainable products. The assessment criteria of selecting the suppliers includes meeting the Group's standards for the quality of raw materials, reputation, environmental friendliness, production capacity, financial capability and experience. The Group views suppliers as partners who contribute to our business success.

RELATED PARTY TRANSACTIONS

A summary of the significant related party transactions which were conducted in the ordinary course of business are set out in Note 28 to the consolidated financial statements. Certain of which also constitute discloseable connected transactions under the GEM Listing Rules. These connected transactions have complied with the requirements under Chapter 20 of the GEM Listing Rules.

The salaries and retirement scheme contribution paid to related parties and purchase of motor vehicles from related company as mentioned in Note 28 were connected transactions which were exempt from reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The rental expenses paid to related companies as mentioned in Note 28 were continuing connected transactions which were exempt from independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. For details, please refer to the section headed "Continuing Connected Transactions" below.

CONTINUING CONNECTED TRANSACTIONS

The following table summarized the continuing connected transactions of the Company during the Year:

Agreement	Parties	Term	Location	Annual cap for the year ended 31 March 2020	Actual amount paid for the year ended 31 March 2020
Production Site Tenancy Agreement 1	Universe Printing Holdings Limited ("UPHL") (as tenant) and Universe Samfine Limited ("Universe Samfine")* (as landlord)	15 months from 1 January 2019	Unit B on the 8th Floor, Block 4, Kwun Tong Industrial Centre, 436–446 Kwun Tong Road, Kowloon, Hong Kong	432	432
Production Site Tenancy Agreement 2	UPHL (as tenant) and Universe Printing Company Limited ("UPCL")* (as landlord)	3 years from 1 April 2017	Basement A4, Units A, M, N, Q and R on the 8th Floor and Unit A on the 9th Floor, Block 4, Kwun Tong Industrial Centre, 436–446 Kwun Tong Road, Kowloon, Hong Kong	2,880	2,880

The leased premises pursuant to the aforesaid tenancy agreements were utilised by the Group as our production site and godown.

* Both Universe Samfine and UPCL are owned as to 45.53% by Mr. Chau Man Keung, an executive Director and a controlling shareholder of the Company and 40% by Mr. Hsu Ching Loi, an executive Director, therefore both Universe Samfine and UPCL are associates of Mr. Chau Man Keung and Mr. Hsu Ching Loi, and accordingly are connected persons of the Company.

CONTINUING CONNECTED TRANSACTIONS (Continued)

Pursuant to Rule 20.53 of the GEM Listing Rules, the audit committee comprising 3 independent non-executive Directors, under the authority delegated by the Board, reviewed all the aforesaid continuing connected transactions. All of the independent non-executive directors confirmed that:

The continuing connected transactions were entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better, and the terms of the continuing connected transactions under the respective agreements are fair and reasonable and in the interest of the Company and the shareholders as a whole.

During the Year, the actual amounts of all the continuing connected transactions paid under the agreements did not exceed the respective aggregate annual cap as previously disclosed in the Prospectus and the announcements of the Company.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information", and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the HKICPA. The external auditor issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions in accordance with Rule 20.54 of the GEM Listing Rules. A copy of the auditors' letter has been provided to the Stock Exchange in accordance with the requirements of the GEM Listing Rules.

EMOLUMENT POLICY FOR DIRECTORS AND SENIOR MANAGEMENT

The emoluments of the Directors and senior management of the Company are reviewed by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

EMPLOYEES AND EMOLUMENT POLICIES

As of 31 March 2020, the Group employed 125 (FY2019: 133) 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$32.9 million (FY2019: HK$32.6 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.

The Group has established a Mandatory Provident Fund Scheme (the "MPF Scheme") for its Hong Kong employees. The assets of the scheme are held separately in funds which are under the control of independent trustees. The retirement benefit scheme contributions charged to profit or loss represent contributions paid or payable by the Group to the scheme at 5% of each of the employees' monthly relevant income capped at HK$30,000 per month. The total costs charged to profit or loss for the year of approximately HK$1.4 million (FY2019: approximately HK$1.4 million) and represented contributions paid or payable to the schemes by the Group in respect of the current accounting period. At the end of the reporting period, there were no forfeited contributions available to reduce future obligations.

COMPETING BUSINESS

For the year ended 31 March 2020, 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.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the prescribed public float of not less than 25% of the Company's issue shares as required under the GEM Listing Rules during FY2020 and up to the date of this report.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision (as defined in section 469 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) for the benefit of the existing directors of the Company is currently in force and was in force throughout this year.

The Company has taken out directors' liability insurance that provides appropriate cover for the Directors.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The environmental policies and performance of the Group for the year ended 31 March 2020 is set out in the section headed "Environmental, Social and Governance Report" on pages 37 to 49 of this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group recognises the importance of compliance with legal and regulatory requirements and the risk of non-compliance with such requirements. The Group conducts on-going reviews of newly enacted/revised laws and regulations affecting its operations. The Company is not aware of any non-compliance in any material respect with the relevant laws and regulations that have a significant impact on the business and operation of the Group for the year ended 31 March 2020.

RELATIONSHIP WITH EMPLOYEES, SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

The Group understands that the success of the Group's business depends on the support from its key stakeholders, including employees, customers, suppliers, banks, regulators and shareholders. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

INTERESTS OF THE COMPLIANCE ADVISER

As at 31 March 2020, 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.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in Note 13 to the consolidated financial statements.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

The Company is not aware of any tax relief or exemption available to the Shareholders by reason of their holding of the Company's securities.

EVENTS AFTER THE REPORTING PERIOD

Details of the events after the reporting period are set out in Note 29 to the consolidated financial statements.

AUDITOR

KPMG resigned as the auditor of the Company with effect from 12 December 2018. Based on analysis and recommendation by the management, the Company's Audit Committee recommended to appoint BDO Limited as the auditor of the Company with effect from 12 December 2018 to fill the casual vacancy following the resignation of KPMG and to hold office until the conclusion of the next AGM of the Company. For further details on the change of auditor, please refer to the announcement of the Company dated 12 December 2018.

The consolidated financial statements for the years ended 31 March 2019 and 2020 have been audited by BDO Limited who retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of BDO Limited as auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board
Universe Printshop Holdings Limited
Mr. Chau Man Keung
Chairman and Executive Director

Hong Kong, 24 June 2020

CORPORATE GOVERNANCE PRACTICE

The Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. The Company's corporate governance practices are based on the principles of good corporate governance as set out in the Corporate Governance Code and Corporate Governance Report in Appendix 15 to the GEM Listing Rules (the "CG Code").

The Company has complied with all applicable code provisions as set out in the CG Code during FY2020 and up to the date of this report.

The Board will continue to review and further improve the Company's corporate governance practices and standards, so as to ensure its business activities and decision-making processes are regulated in a proper and prudent manner.

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 FY2020 and up to the date of this report.

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.

BOARD OF DIRECTORS

The Board is responsible for the overall leadership of the Group, overseeing the Group's strategic decisions and monitoring of the business and performance of the Group. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operations and management of the Company are delegated to the management.

As of the date of this report, the Board comprises 7 Directors including 4 executive Directors, 3 independent non-executive Directors, whose names, roles and functions are listed below:

Executive Directors

Mr. Chau Man Keung *(Chairman of the Board)*
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

BOARD OF DIRECTORS (Continued)

There are no financial, business or other relevant relationship among our Directors.

The Board, acting in the interest of the Group and its shareholders, is primarily responsible for the matters in relation to strategic formulation, business development, corporate governance, risk management, compliance, internal control systems, dividend policy, board diversity policy, shareholders' relationship, accounting policies and financial statements, and other functions and matters assigned to the Board as set out in the Listing Rules and Articles of Association of the Company.

The Board delegates the daily operational management of the Group's business, execution of business development plan, administrative and operational work and the implementation of risk management and internal controls to the CEO and other senior management of the Group. The Board also conducts regular reviews of the functions and performance of the management. The management of the Group shall obtain the approval of the Board before entering into and arranging any significant transaction/contract. All Directors were given an opportunity to include any matters in the agenda for regular Board meetings and were also given sufficient time to review documents and information relating to matters to be discussed in Board meetings in advance.

For the financial year ended 31 March 2020, five Board meetings and one general meeting were held and Directors attended the meetings in person and/or by proxy as follows.

Director	Attendance in person/ Number of Board meeting	Attendance in person/ General Meeting
Executive Directors:		
Mr. Chau Man Keung *(Chairman of the Board)*	5/5	1/1
Mr. Hsu Ching Loi *(Chief Executive Officer)*	5/5	1/1
Mr. Leung Yuet Cheong	5/5	1/1
Mr. Wong Man Hin Joe	5/5	1/1
Independent Non-Executive Directors:		
Mr. Wan Aaron Chi Keung, *BBS, JP*	4/5	1/1
Mr. Chan Chun Kit	5/5	1/1
Dr. Sun Yongjing	5/5	1/1

Our Board believes that it has achieved a balanced compositions, including but not limited to the following measurable objectives in terms of age, gender and length of services.

Age group	No. of Directors in the category
Below 40 years old	1
Between 41–60 years old	5
Over 60 years old	1

Gender	No. of Directors in the category
Female	1
Male	6

BOARD OF DIRECTORS (Continued)

As of 31 March 2020, all our Directors have served less than 3 years in the Board of the Company. The Board considers that all our Directors have sufficient commitments to the Company and the Board.

The Company has also assessed the experience, qualification and attributes that our Directors demonstrate and that they can provide valuable perspectives, skills and experiences to the Board as summarized below.

Highlighted experience, qualification and attributes (including, but not limited to)	No. of Directors demonstrating the experience, qualification and attributes
Business and Management Experience in Printing Industry	4
Corporate Governance & Risk Management	3
Accountancy & Financial Management	2
Public Appointments	1
Valuation & Surveying	1

Note: a Director may hold more than one type of experience, qualification and attributes.

BOARD MEETINGS

Board minutes are kept by the Company Secretary and are open for inspection by the Directors. Every Board member is entitled to have access to Board papers and related materials and has unrestricted access to the advice and services of the Company Secretary and has the liberty to seek external professional advice if so required.

The Board is responsible for maintaining an on-going dialogue with shareholders and in particular, uses annual general meetings or other general meetings to communicate with them and encourage their participation. The Chairman of the Board and the chairmen and members of the audit committee ("Audit Committee"), nomination committee ("Nomination Committee") and remuneration committee ("Remuneration Committee") of the Company shall endeavour to attend the annual general meeting to answer questions and collect views of shareholders.

DIRECTORS' TRAINING

According to code provision A.6.5 of the CG Code, all directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the board remains informed and relevant.

All Directors have participated in continuous professional development by way of attending seminars organised by the Company on topics relating to their role as a Director of the Company during the year ended 31 March 2020.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

According to the Code Provision A.2.1 of the CG Code, the roles of the chairman and the chief executive should be separate and performed by different individuals to ensure a balance of power and authority so that power is not concentrated in any one individual. Mr. Chau Man Keung, the executive Director, is the chairman of the Company and is responsible for the leadership of the Board while Mr. Hsu Ching Loi, the executive Director, is the chief executive officer and is responsible for managing the Group's business and overall operations.

INDEPENDENT NON-EXECUTIVE DIRECTORS

In compliance with the GEM Listing Rules, the Company has appointed three independent non-executive Directors representing not less than one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise.

The three independent non-executive Directors are persons of high calibre, with working experience, academic and professional qualifications in the fields of accounting, company secretaryship or management. With their experience gained from various sectors, they provide strong support towards the effective discharge of the duties and responsibilities of the Board.

The Company has received from each of the independent non-executive Directors an annual confirmation of independence and considers each of them to be independent with reference to Rule 5.09 of the GEM Listing Rules.

BOARD COMMITTEES

The Board has established four Board committees to oversee specific aspects of the Group's affairs and help it in the execution of its responsibilities. The Board committees each have specific written terms of reference which clearly outline the committees' authority and duties, and require the Board committees to report back on their decisions or recommendations to the Board. All Board committees are provided with sufficient resources to discharge their duties, including access to management or professional advice if considered necessary.

AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference on 26 February 2018. The terms of reference of the Audit Committee is currently made available on the Stock Exchange's website and the Company's website.

The Audit Committee comprises three independent non-executive Directors, they are:

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

The Audit Committee is chaired by Mr. Chan Chun Kit, who has the appropriate professional qualifications as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules. The primary duties of the audit committee are to assist the Board in providing an independent view of the effectiveness of Group's financial reporting process, internal control and risk management systems, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board.

The Audit Committee is also responsible for making recommendation to the Board on the appointment, reappointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of such auditors; review with the Group's management, external auditors and internal auditor, where an internal audit function exists in the Company, the adequacy of the Group's policies and procedures regarding internal controls (including financial, operational and compliance controls), risk management system and any statement by the directors of the Company to be included in the annual accounts prior to endorsement by the Board.

The Audit Committee had held four meetings for the financial year ended 31 March 2020, which was attended by all the committee members, to review the audited financial statements, results announcement and annual report of the Company for the year ended 31 March 2020 and met with the Company's independent auditor without the presence of management to discuss any potential issues identified by the auditor.

REMUNERATION COMMITTEE

The Company established the Remuneration Committee with written terms of reference on 26 February 2018. The terms of reference of the Remuneration Committee is currently made available on the Stock Exchange's website and the Company's website.

The primary duties of the Remuneration Committee include: (i) making recommendations to the Directors on the policy and structure for the remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) making recommendations to the Board on the terms of the individual remuneration package of executive Directors and senior management; (iii) making recommendations to the Board on the remuneration of independent non-executive Directors; and (iv) reviewing and approving performance-based remuneration with reference to corporate goals and objectives resolved by our Board from time to time.

Details of the Directors emoluments for the year ended 31 March 2020 are set out in Note 10 to the consolidated financial statements.

The Remuneration Committee comprises three independent non-executive Directors and one executive Director, they are:

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

The Remuneration Committee had held one meeting for the year ended 31 March 2020, which was attended by all the committee members, to review the remuneration structure for the executive Directors and senior management and make recommending on the remuneration of the Directors and senior management.

NOMINATION COMMITTEE

The Company established the Nomination Committee with written terms of reference on 26 February 2018. The terms of reference of the Nomination Committee is currently made available on the Stock Exchange's website and the Company's website.

The key responsibilities of the Nomination Committee include reviewing the structure, size and composition of the Board at least annually and make recommendations on any proposed changes to the Board, assessing the independence of independent non-executive directors of the Company and making recommendations to the Board on the appointment or re- appointment of directors of the Company.

The Nomination Committee comprises three independent non-executive Directors and one executive Director, they are:

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

The Nomination Committee had held one meeting for the year ended 31 March 2020, which was attended by all the committee members, to review the independence of independent non-executive directors and consider the retirement and proposed re-appointment of Directors at the forthcoming annual general meeting of the Company.

NOMINATION POLICY

According to the directors nomination policy of the Company, the Board and the Nomination Committee will follow established criteria and procedures for selecting and recommending suitable candidates in order to achieve a balanced and diversified Board in terms of skills, experience and perspectives.

The Nomination Committee will consider a variety of factors in the course of identifying, selecting and assessing the suitability of a proposed candidate, including but not limited to the following criteria:

- Direct industry experience;
- Professional and academic backgrounds;
- Achievements and Contributions;
- Reputation;
- Independence (for Independent Non-Executive Directors);
- Our Board Diversity Policy;
- any other relevant and material factors as may be considered by the Nomination Committee.

The Board has also established nomination procedures for Directors' nomination pursuant to the Listing Rules and the Company's by-laws as summarized below:

(a) Appointment of New Director

Regarding proposed appointment of new Director, the Nomination Committee must evaluate the proposed candidate based on the selection criteria mentioned above and make recommendations to the Board regarding whether the proposed candidates are qualified and appropriate for directorship.

For directorship nomination proposed by Shareholders at the General Meeting, the Nomination Committee should also evaluate such candidates in accordance to the same selection criteria and the Board should make recommendation to the Shareholders in respect of the proposed election of Director at the General Meeting.

(b) Re-election of Director at General Meeting

Retiring Directors are eligible for nomination by the Board to stand for re-election at the General Meeting according to the by-laws of the Company.

The Nomination Committee and/or the Board should review the overall contribution, participation and performance of the retiring Director and the Board should then make recommendation to the Shareholders in respect of the proposed re-election of Director at the General Meeting.

BOARD DIVERSITY POLICY

Pursuant to the Code, the Board has adopted a board diversity policy (the "Policy"). The Company recognises and embraces the benefits of having a diverse Board. All Board appointments are made on merits and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. Pursuant to the Policy, the Company seeks to achieve Board diversity through the consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board taking into account factors based on its own business model and specific needs from time to time and with due regard for the benefits of diversity on the Board.

RISK MANAGEMENT COMMITTEE

The Company established the Risk Management Committee with written terms of reference on 26 February 2018. The terms of reference of the Risk Management Committee is currently made available on the Stock Exchange's website and the Company's website.

The primary duties of the risk management committee are to (i) advise the Board on risk-related issues; (ii) oversee the risk management framework to identify and deal with the risks faced by the Group such as business, financial, legal and regulatory risks; (iii) review reports on risks and breaches of risk policies; and (iv) review the effectiveness of the Company's risk control and/or mitigation plans.

The Risk Management Committee comprises three independent non-executive Directors and two executive Director, they are:

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

The Risk Management Committee has held one meeting for the year ended 31 March 2020 to consider appointing an independent external consultant to independently perform internal control review and assess effectiveness of the Group's risk management and internal control systems.

CORPORATE GOVERNANCE FUNCTIONS

The Company's corporate governance functions are carried out by the Board pursuant to the code provisions as set out in the CG code.

The Board, as a whole, will perform the corporate governance functions in accordance with provision D.3 of the Corporate Governance Code and has adopted written terms of reference in accordance with provision D.2 of the Corporate Governance Code which provide for, among others,

(i) developing and reviewing our Group's policies and practices on corporate governance;

(ii) reviewing and monitoring the training and continuous professional development of our Directors and senior management;

CORPORATE GOVERNANCE FUNCTIONS (Continued)

(iii) reviewing and monitoring our Group's policies and practices on compliance with legal and regulatory requirements;

(iv) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and our Directors; and

(v) reviewing our Company's compliance with the Corporate Governance Code and disclosure in the corporate governance reports of our Company.

For the year ended 31 March 2020, the Board held one meeting for reviewing the training and continuous professional development of Directors and senior management, reviewing the Company's compliance with the CG Code and reviewing the Company's disclosure in the Corporate Governance Report.

AUDITORS'S REMUNERATION

For the year ended 31 March 2020, BDO Limited was engaged as the Group's independent auditors. Apart from the provision of annual audit services, BDO Limited also provided the non-audit services to the Company. The remuneration paid/payable to BDO Limited, the auditors, is set out below:

	HK$
Audit services — Annual Audit	430,000
Non-audit services	88,000

COMPANY SECRETARY

Mr. Chan Sun Kwong (陳晨光), aged 53, was appointed as the company secretary on 2 June 2017. He is responsible for corporate secretarial matters of our Group. Mr. Chan obtained his diploma of business administration from the Hong Kong Shue Yan College (now known as Hong Kong Shue Yan University) in July 1990. He is a fellow of the Hong Kong Institute of Chartered Secretaries, the Institute of Chartered Secretaries and Administrators in the United Kingdom, the Institute of Chartered Accountants in England and Wales, the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Chan is also a mediator of both Hong Kong Mediation Accreditation Association Limited and the Hong Kong Mediation Centre. Mr. Chan has over 27 years of experience in the accounting, auditing and company secretarial fields in Hong Kong.

Mr. Chan is an external service provider and Mr. So Hang Fung, the Company's financial controller, is the primary contact person with Mr. Chan.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting.

Convening an extraordinary general meeting

According to the Articles 58 of the articles of association of the Company, the Board may whenever it thinks fit call extraordinary general meetings. Any one or more Members holding at the date of deposit of the requisition not less than one- tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting enquiries to the Board

Shareholders should direct their questions about their shareholdings to the Company's branch share registrar. Shareholders and the investment community may at any time make a request for the Company's information to the extent such information is publicly available. Any such questions shall be first directed to the company secretary at the Company's principal place of business in Hong Kong at Office F, 12/F, Legend Tower, No. 7 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong.

Putting forward proposals at general meeting

Shareholders should follow the procedures set out in the sub-section headed "Convening an extraordinary general meeting" above for putting forward proposals for discussion at general meetings.

Voting by Poll

A resolution put to the vote of a meeting shall be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every Member present in person (or being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a Member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

INVESTOR RELATIONS

The Company believes that maintaining a high level of transparency is a key to enhancing investor relations. It is committed to a policy of open and timely disclosure of corporate information to its shareholders and investment public. The Company updates its shareholders on its latest business developments and financial performance through its annual, interim and quarterly reports. The corporate website of the Company has provided an effective communication platform to the public and the shareholders.

DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board is responsible for presenting a balanced, clear and understandable assessment of annual, half-yearly and quarterly reports, other inside information announcements and other financial disclosures required under the GEM Listing Rules and other statutory requirements.

The Directors acknowledge their responsibility in preparing the consolidated financial statements of the Company for the year ended 31 March 2020 which give a true and fair view of the state of affairs of the Company. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern and accordingly continue to adopt the going concern approach in preparing the consolidated financial statements.

The responsibilities of the Company's auditor on the consolidated financial statements are set out in the independent auditors' report on pages 50 to 54 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for the design, implementation, monitor and review of the Group's internal control system including the internal control and risk management for the Company to ensure their effectiveness and efficiency. The objective of internal control is to safeguard the Company's assets and ensure its accounting records are properly maintained, so that all the financial information is accurate and reliable. The Group has adopted a series of internal control policies and procedures designed to provide reasonable assurance for achieving the objectives including effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. All employees are committed to continually enhancing the risk management measures to ensure that these measures work in line with the growth of our business strategies and integrated into day-to-day operation of the business. The Board shall at least annually review its risk management and internal control system.

The objectives of the risk management and internal control of the Group include:

- establishing and constantly improving the risks management and internal control system;
- ensuring the Group's risk management and internal control in compliance with the GEM Listing Rules requirements;
- implementing the top-down approach and bottom-up approach that covers every aspect of the business; and
- managing rather than eliminating the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

The Board has a particular focus on determining the nature and extent of significant risks it is willing to take in achieving the business strategies of the Group. Each department of the Group is responsible for identifying its own risks and designing, implementing and monitoring the relevant risk management and internal control systems.

The Company's internal audit department monitors the internal control procedures and systems of the Group and reports its findings and recommendations to management of the Company and the Audit Committee. The internal audit department also assesses risk exposure, formulates audit plan and ensures the audit programs cover key internal control areas of operating subsidiaries on a rotational basis for the review by the Audit Committee.

The Audit Committee reviews the process by which the Group evaluates its control environment and risk assessment process, and the way in which business and control risks are managed through the assistance of the Company's internal audit department. Special review may also be performed on areas of concern identified by management or the Audit Committee from time to time.

The Board considers that the Group has implemented a series of internal control policies and appropriate procedures to provide reasonable assurance for achieving the objectives including effective and efficient operations, safeguarding the Group's assets, provide reliable financial reporting and compliance of the relevant laws and regulations.

HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Company has established and maintained the procedures and internal controls for the handling and dissemination inside information. The Company has adopted a code of conduct for dealing in securities of the Company by the Directors in accordance with Rules 5.46 to 5.67 of the GEM Listing Rules. Other employees of the Group who are likely to be in possession of inside information of the Company are also subject to dealing restrictions. The Group has strictly prohibited unauthorised use of confidential or inside information or any use of such information for the advantage of himself or others. Any inside information and any information which may potentially constitute inside information is promptly identified, assessed and escalated to the Board and for the Board to decide on the need for disclosure. Inside information and other information which is required to be disclosed pursuant to the GEM Listing Rules will be announced on the respective websites of GEM and the Company in due course.

CONSTITUTIONAL DOCUMENTS

The Company adopted a new set of Articles of Association effective on the Listing Date. An up-to-date version of the Articles of Association is available on the respective website of GEM and the Company.

During the year ended 31 March 2020, there have been no changes to the Company's constitutional documents.

Environmental, Social and Governance Report

ABOUT THIS REPORT

Universe Printshop Holdings Limited (the "Company", "we", together with its subsidiaries, the "Group") strives continuously to incorporate sustainability initiatives into our daily operations and management. While sharing the vision of becoming the preferred choice of our stakeholders, we are committed to improving our Environmental, Social and Governance (ESG) performances by upholding good corporate governance standards, protecting our environment, engaging the community and promoting social integration.

The Group always believes that meeting stakeholders' expectation is important to gain support and trust. As such, stakeholders are identified and engaged by various channels on regular basis. Through these engagements, the Group is able to act on strategic development to balance and maximize various stakeholders' interests to the best possible level.

We have engaged our business functions to identify key ESG issues and to assess their materiality to our business and stakeholders, through reviewing our operations, daily business dealings and internal discussions. Disclosures relating to the identified material ESG issues are included in this ESG Report pursuant to the disclosure requirements of the Environmental, Social and Reporting Guide.

This ESG Report (the "Report") aims to present our key performance indicators and milestones on the sustainability journey for the year ended 31 March 2020 ("FY2020"). Our reporting is limited to Hong Kong operation unless otherwise specified. All the information disclosed in this Report has been prepared by the ESG working group and confirmed by the Board. The Board is responsible for overseeing sustainable development for all operating companies under the Group. We endeavour to provide a balanced, honest and transparent account of our performance.

The Report has complied with the "comply or explain" provisions set out in the "Environmental, Social and Governance Reporting Guide" under Appendix 20 of the GEM Listing Rules. We value your feedback on the Company's overall sustainability practices and the related review. Please provide your comments by email to (info@123print.com.hk).

BOARD GOVERNANCE AND INVOLVEMENT

The Board is responsible for overseeing sustainable development for all operating companies under the Group. The Group has developed its own corporate governance code (the "CG Code") according to the principles as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 of the GEM Listing Rules. The CG code sets out the corporate governance principles applied by the Group and is constantly reviewed to ensure transparency, accountability and independence. For details, please refer to Corporate Governance Report section.

ENVIRONMENTAL PERFORMANCE

In FY2020, we measured and managed the environmental performance in several aspects throughout our daily operations.

Emission and Energy Conservation

Air pollution is one of the major environmental issues that are of great concern. As offset printing involves the use of ink and chemical solvent, our production inevitably generates volatile organic compounds (VOC). In FY2020, the Company owned 4 motor vehicles. The air emissions incurred by the use of fuel is negligible and therefore immaterial.

We have implemented the following measures to minimise air emissions and their effects:

- Appropriate ventilation system at the production sites to reduce employees' exposure to hazardous emissions
- Separation of high emission processes from other operations
- Regular maintenance and cleaning of generators, vehicles and other machinery
- Green driving practices (e.g. drive smoothly, avoid accelerating hard and braking harshly, no idling engine)
- Adoption of shortest routing

Fuel saving measures are supported by management and monitored daily.

Global climate change is a challenge that businesses and organisations around the world must face and address. We are committed to minimising the adverse impact that our operations may have on the environment. Using energy efficiently will definitely help us preserve resources and tackle climate change.

Electricity consumption accounts for a major part of our greenhouse gas ("GHG") emissions. To reduce our carbon footprint, we have implemented the following measures:

- Reminders and signs for office equipment (e.g. photocopiers, printer) to be switched to standby mode after use
- Regular maintenance of appliances and equipment as suggested by the relevant instruction manual
- Lighting zone segregation and individual lights made available only after office hours
- Limit access to the operation of air-conditioning units
- More environmentally friendly office temperature (24–26°C)
- Smart casual dress code for work
- Practices of switching off lighting, air-conditioning, computers and encouraging the use of energy-saving mode for all the applicable electronic appliances during lunch hours
- Reminders of 'use when necessary' and 'off after use' for lighting and air-conditioning
- Authorized staff switch on/off equipment before/after office hours

In this reporting year, we consumed 1,313,545 kWh of electricity with an intensity of 9,876 kWh/HK$ million revenue, equivalent to 673 tCO_2e of Scope 2 GHG emissions. The total GHG emissions and carbon intensity were 687 tCO_2e and 5.17 tCO_2e/HK$ million revenue respectively.

Material Consumption and Waste Management

We work diligently in reducing our waste from operations. The Group reckons the importance of waste reduction and waste management (e.g. waste classification at source for better recycling) and has thus implemented various initiatives to tackle the related issues.

Offset printing operations generate certain solid and liquid hazardous waste, including chemical solvent, ink residues and its containers. During the year, we returned empty ink containers to manufacturer for reuse or recycling purposes. Liquid chemicals, such as waste plate developer, were collected in labeled containers before handing over to authorized service providers. The Group has been granted with the Registration of Waste Producer under the Waste Disposal (Chemical Waste) (General) Regulation (Cap. 354C) and complied with relevant procedural requirements.

The Group does its utmost to explore and maximise resources reuse and recycle opportunities. Paper and packaging materials constitute a significant portion of resources consumption. To fully utilise precious resources, incoming packaging materials like pallets and carton boxes were reused in the operation whenever possible. Scrap paper bins have also been set up in each shop and on each production floor, enabling convenient drop-off and collection by licensed recycler.

To reduce our raw material consumption and waste generation, we have implemented the following measures:

- Reminders, signs and posters at collection points and prominent areas to encourage waste recycling
- Replacement of photocopying and printing of publications (newsletter/leaflet/report) by e-versions
- More eco-friendly printing practices (e.g. print when necessary, print double-sided, print in black & white)
- Procurement of electrical & electronic equipment only when necessary, and scheduled regular maintenance to prolong life span
- Cartridges of larger volume or longer life-span and recycled by manufacturer
- Box files consumption reduction by reusing old ones or applying electronic filing
- Paper consumption reduction by using e-communication with at least 90% of staff members having email/mobile access
- Broken items repair to avoid waste disposal
- Used furniture recycling by reselling or donation
- Reuse of supplies and stationeries (e.g. envelopes, single-side printed paper)
- Reuse of materials for decorating festive events (e.g. Christmas and Chinese New Year, etc.)
- Resale of unwanted second-hand products
- Conversion/upgrading of old items into useful ones
- Minimising the use of chemicals (e.g. cleaning agents)

- Use of re-useable containers, dishes, cups and coffee filters in the pantry wherever possible
- Use of shredded waste paper for packaging
- Proper size packaging to avoid using fillers
- Minimising the use of tape and strapping for sealing

We measure different types of materials used to gauge our environmental performance. The following tables presents the material consumption in our business operations:

Material Consumption	Unit	
Paper Consumption	pieces	27,151,417.00
Ink Consumption	kg	21,686.00
Solvent Consumption	L	52,200.00
Zinc Plate Consumption	kg	64,715.38
Toner Consumption	kg	506.89

Packaging Materials Used	Unit	
Carton Box Consumption	kg	31,058.40

Amount of waste collected by weight and corresponding management approaches are shown in following tables:

Non-hazardous Waste Generated	Treatment	Unit	
Paper	Recycled	tonnes	192.21

Hazardous Waste Generated	Treatment	Unit	
Ink Residue and Container	Recycled	kg	2,244.00
Zinc Plate	Recycled	kg	60,369.85
Toner	Recycled	kg	44.23
Plate Developer	Collected by authorized service provider	L	19,240.00

Due to the nature of our business operation, our water consumption is not substantial and most of the water we use for our operations is for cooling processes in production and general purpose in daily operation and there were no issues in sourcing water that is fit for purpose.

Natural Resources and Environment

While benefiting from the natural resources, we always bear in mind the responsibilities and the obligations of protecting the environment. We therefore, in our business operations, have taken considerable efforts to monitor and minimise the negative impact on the environment.

In particular, as a paper-based business, we have implemented measures as follows:

- Use of Forest Stewardship Council® (FSC™)-certified/recycled paper, as a sustainably-managed forest source option, for production.
- Use of Forest Stewardship Council® (FSC™)-certified/recycled wood or paper products for our daily administration.

SOCIAL PERFORMANCE

Employment and Labour Practices

Employment and Labour Standard

As key enablers in achieving its economic, environmental and social objectives of the Group, our employees are always regarded as the most valuable assets. We believe that creating a workplace that offers a strong sense of belonging can inspire our employees to champion our core values. We strive to create an environment where every employee can work happily and excel to his/her full potential.

We encourage promotions within the Group so that we can gradually train our employees to take up management executives roles. We also do our best to maintain open dialogue with employees and encourage discussion about their career goals.

To retain top-notch talents and attract young professionals, the Group regularly reviews and enhances its employees' remuneration terms and benefits. Competitive remuneration packages are structured to be commensurate with individual responsibilities, qualification, experience and performance. Eligibility requirements of various positions are set forth in written document as minimum entry criteria. The Group upholds the value of equal opportunities in terms of gender, pregnancy, marital status, disability, family status and race. Employees can report on discriminatory practices to the management or Human Resource Department.

The Group has established policy to prevent unfair dismissal. An employee cannot be dismissed when she has been confirmed pregnant or after she has given notice of pregnancy. An employee cannot be dismissed when he or she takes a paid sick leave. Each employee that tenders resignation will be interviewed by the Human Resource Department to ascertain the reason for leaving the Group. The dismissed employee shall be given due notice or wages in lieu of notice, and the notice should not be given during his or her annual leave and maternity leave.

The employees of the Group can enjoy statutory holidays, maternity leave, annual leave and work-injury leave.

The Group prohibits the use of child labor and forced or compulsory labor at all its units and supply chain. No employee is made to work against his/her will or work as forced labor, or subject to corporal punishment or coercion of any type related to work. During our recruitment process, applicants are required to report their identity by showing their identity cards during the application for compliance with the statutory age requirements.

In case any child labor is observed by our employees during daily business operations, our employees shall report to the Human Resources Department directly and senior departments for immediate verification. The Group will report to Labour Department without delay. If suppliers are found to have any employment of child labor and forced labor, immediate cessation of business would be conducted.

The Group strictly complies with relevant laws and regulations, including the Employment Ordinance (Cap. 57), discrimination laws implemented by The Equal Opportunities Commission. During FY2020, there was no incident of non-compliance with relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and/or other benefits and welfare and the Group did not encounter any issue with non-compliance and/or violate any relevant laws and regulations in respect of the prevention of child or forced labour.

As at 31 March 2020, the Group employed 126 staff in total. Below is the workforce statistic by geographic region, gender, employment type and age group:

	Staff Number
(a) Breakdown by region	
Employees — Hong Kong	126
(b) Breakdown by gender	
Employees — Female	43
Employees — Male	83
(c) Breakdown by age group	
Employees Age < 30	32
Employees Age 30–50	59
Employees Age > 50	35
(d) Breakdown by employment type	
Employees — Part-time	1
Employees — Full-time	125

Health and Safety

Ensuring health and safety of our employees is one of our prime responsibilities. We strive to provide with our employees a safe working environment and reinforce their safety awareness by relevant information and training. The Group has formulated, implemented and regularly reviewed its safety guideline with reference to relevant laws, codes of practice, industry best practices and causes of accident. The comprehensive guideline covers aspects such as general printing process, chemical hazards, emergency plan, and risk assessment. In the event of work-related injury, the Group compensates the injured employee in accordance with the Employees' Compensation Ordinance (Cap. 282).

Reinforcing employees' safety awareness is of crucial importance as prevention is always better than cure. In addition to continuous safety training and affixing safety reminders, frontline staff are also provided with personal protective equipment (e.g. protective gloves) based on their job nature.

In view of the COVID pandemic happened in early 2020, the Group has implemented corresponding health and safety measures in accordance to the advice from Centre for Health Protection, Department of Health, HKSAR government. An internal epidemic prevention and control structure has been established. For example, masks are provided to our staff for protection. Public spaces and area are fully disinfected. Other requirements are implemented as per government's advice. Operations were resumed in an orderly manner.

In relation to the provision of a safe working environment and protecting employees from occupational hazards, no incident was in breach of any relevant laws and regulations. No accidents related to serious injuries or death or property damage and zero lost day due to work injury has been reported to our management during the year.

Development and Training

To enable our talents to develop themselves to their fullest potential and to provide them with the essential skill sets to deliver the best, training sessions are arranged for new employees with regard to the skills set required for particular position, company policies, standards, as well as relevant laws.

In addition to on-the-job training upon employment, we provide topic-specific training based on emerging needs and regulation updates from time to time. For example, a training session on FSC Basics and Health and Safety was organised to employee representatives from different departments during the reporting year.

Operating Practice

Supply Chain Management

We are aware of the broader impact of our operations from our supply chain. Addressing the sustainability risks in our supply chain is one of our major ways of minimising potential negative impacts, environmental and social, of our procurement decisions.

In selecting suppliers, rigorous mechanism based on various standards is adopted to evaluate the pricing, quality assurance system, inventory management, production capacity, as well as sustainability risk management of potential suppliers. The Group conducts review on existing suppliers regularly, and sample production materials for quality inspection when necessary.

Product and Service Responsibility

As a responsible company, we are fully aware of the importance to comply with relevant laws and regulations concerning the provision and use of our products and services, in particular intellectual property and confidentiality matters.

We support the protection of intellectual property rights, and strictly abides by all applicable laws, including the Copyright Ordinance (Cap. 528). Upon request for printing service, we will seek customer's confirmation that the printed materials will not infringe copyright of any third party or involve defamation, invasion of privacy, counterfeiting, indecency, or obscenity. If necessary, our relevant staff may ask customers to present authorised proof for verification and reserve the right of not providing the printing service which would connive at the breach of applicable laws.

To protect our customers' confidentiality and privacy, any use of personal information collected by the Group is strictly complied with Personal Data (Privacy) Ordinance (Cap. 486). The Group is committed to exercising due diligence in preventing information leakage or transferal to unauthorised parties. Encryption and firewall technologies are deployed, reviewed and updated regularly to prevent unauthorised access. It is also mandatory for all new employees to sign non-disclosure agreement and follow standard documentation procedures.

No sold or delivered products were subjected to recalls for copyright or health, safety and environmental reasons during the reporting year.

During FY2020, the Group has complied with all relevant laws and regulations that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters.

Anti-corruption

We are committed to maintaining high standard of integrity when doing business as we strongly believe that it is essential to meet the expectations of our stakeholders.

To ensure the highest possible standards of openness, probity and accountability, the Group has implemented preventive measures and whistle-blowing procedures. Anti-corruption policy and declaration procedure guideline are set forth in accordance with the Prevention of Bribery Ordinance (Cap. 201) and are communicated to employees through staff handbook. It is an offence for any employee to obtain or accept any benefit for the purpose of seeking personal gain without permission of the Group. Any employee may report suspected misconduct or malpractice in breach of applicable laws to his or her immediate head or independent directors.

During FY2020, we did not identify any non-compliance in relation to corruption, bribery, extortion, fraud and money Laundering in our Group or employees, which will have a significant impact on the Group. The Group will regularly review its internal anti-corruption system and improve it when necessary.

Community Investment

We pursue sustainable development of our community by assessing and managing the social impact of our operations and by supporting initiatives that create effective and lasting benefits to the community in which the Group operates.

Through participating in philanthropic activities, the Group hopes to bring more positive effects to the development of the community together with its own growth.

ESG GUIDE CONTENT INDEX

Disclosure, Aspects, General Disclosure and KPIs	Description	FY 2020 ESG Report Reference/ Statement
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Performance — Emission and Energy Conservation — Material Consumption and Waste Management
KPI A1.1	The types of emissions and respective emissions data.	Not material to the Group's business since our business does not involve any activity that will produce significant amount of air emissions.
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Performance — Emission and Energy Conservation
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Performance — Material Consumption and Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Performance — Material Consumption and Waste Management
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Environmental Performance — Emission and Energy Conservation
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Environmental Performance — Material Consumption and Waste Management

Disclosure, Aspects, General Disclosure and KPIs	Description	FY 2020 ESG Report Reference/ Statement
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Performance — Emission and Energy Conservation — Material Consumption and Waste Management
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Performance — Emission and Energy Conservation
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Not material to the Group's business since our business does not involve any activity that will consume significant amount of water.
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Environmental Performance — Emission and Energy Conservation
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Not material to the Group's business since our business does not involve any activity that will consume significant amount of water.
KPI A2.5	Total packaging material used for finished products.	Environmental Performance — Material Consumption and Waste Management
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environmental Performance — Natural Resources and Environment
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Performance — Natural Resources and Environment

Disclosure, Aspects, General Disclosure and KPIs	Description	FY 2020 ESG Report Reference/ Statement
B. Social		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Social Performance: Employment and Labour Practices — Employment and Labour Standard
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Social Performance: Employment and Labour Practices — Employment and Labour Standard
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Social Performance: Employment and Labour Practices — Health and Safety
KPI B2.1	Number and rate of work-related fatalities.	Social Performance: Employment and Labour Practices — Health and Safety
KPI B2.2	Lost days due to work injury.	Social Performance: Employment and Labour Practices — Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Social Performance: Employment and Labour Practices — Health and Safety

Disclosure, Aspects, General Disclosure and KPIs	Description	FY 2020 ESG Report Reference/ Statement
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Social Performance: Employment and Labour Practices — Development and Training
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Social Performance: Employment and Labour Practices — Employment and Labour Standard
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Social Performance: Employment and Labour Practices — Employment and Labour Standard
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Social Performance: Employment and Labour Practices — Employment and Labour Standard
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Social Performance: Operating Practice — Supply Chain Management
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Social Performance: Operating Practice — Product and Service Responsibility

Disclosure, Aspects, General Disclosure and KPIs	Description	FY 2020 ESG Report Reference/ Statement
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Social Performance: Operating Practice — Product and Service Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Social Performance: Operating Practice — Product and Service Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Social Performance: Operating Practice — Product and Service Responsibility
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Social Performance: Operating Practice — Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Social Performance: Operating Practice — Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Social Performance: Operating Practice — Anti-corruption
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Social Performance: Community Investment

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF UNIVERSE PRINTSHOP HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Universe Printshop Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 55 to 115, which comprise the consolidated statement of financial position as at 31 March 2020, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (Continued)

Impairment assessment of property, plant and equipment and right-of-use assets

(Refer to notes 4(h), 5(c) and 13 in the consolidated financial statements)

The Group had property, plant and equipment and right-of-use assets with carrying amount before impairment of HK$19,256,589 and HK$13,375,690 respectively as at 31 March 2020, which are subject to impairment assessment when impairment indicators are identified. As at 31 March 2020, having considered the financial performance of the Group and the market and economy outlook, management assessed that impairment indication existed for property, plant and equipment and right-of-use assets and accordingly, management has performed an impairment assessment on these assets in accordance with Group's accounting policies. Based on the value-in-use calculation, impairment loss of HK$2,701,704 and HK$5,027,944 were recognised during the year for property, plant and equipment and right-of-use assets respectively.

We have identified the impairment assessment of property, plant and equipment and right-of-use assets as a key audit matter due to the preparation of value-in-use calculation requires significant estimation and judgment by the management with respect to the key assumptions adopted in the cash flow projections of the cash-generating units including future revenue growth and gross profit margin, as well as the adoption of discount rate.

Our procedures in relation to management's impairment assessment on property, plant and equipment and right-of-use assets included:

– Checking the mathematical accuracy of the value-in-use calculation;

– Challenging the reasonableness of key assumptions of the cash flow projections of the cash-generating units including revenue growth, gross profit margin and discount rate based on our knowledge of the business and industry;

– Considering reasonableness of the basis adopted by the management in allocating corporate assets to the cash-generating units;

– Considering appropriateness of the basis used by the management in estimating the fair value less costs of disposal of these assets;

– Checking on a sample basis the accuracy and relevance of the input data used by the management to supporting evidence; and

– Performing sensitivity analysis.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibilities in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

– identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

– evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

– conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

– evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

– obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants

Lee Ming Wai
Practising Certificate no. P05682
Hong Kong, 24 June 2020

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2020

	Note	2020 HK$	2019 HK$
Revenue	6	133,428,344	152,725,342
Cost of sales		(108,358,978)	(124,389,998)
Gross profit		25,069,366	28,335,344
Other income	7	1,410,863	1,378,546
Other gains	7	3,249,055	153,119
Selling and administrative expenses		(36,837,245)	(35,859,859)
Impairment loss on property, plant and equipment and right-of-use assets	13(d)	(7,729,648)	–
Loss from operations		(14,837,609)	(5,992,850)
Finance cost	8(a)	(700,315)	(243,747)
Loss before taxation	8	(15,537,924)	(6,236,597)
Income tax credit	9	26,732	901,341
Loss and total comprehensive income for the year attributable to owners of the Company		(15,511,192)	(5,335,256)
		HK cents	HK cents
Loss per share	12		
Basic and diluted		(1.72)	(0.59)

Consolidated Statement of Financial Position

As at 31 March 2020

	Note	2020 HK$	2019 HK$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	13	16,554,885	23,383,592
Right-of-use assets	13	8,347,746	–
Intangible assets	14	177,704	257,649
Deposits for acquisition of non-current assets		208,500	124,500
Deposits for other non-current assets		1,753,436	–
Deferred tax assets	22	237,413	237,413
		27,279,684	24,003,154
Current assets			
Inventories	16	3,056,934	3,335,951
Trade and other receivables, prepayments and deposits	17	8,982,069	14,909,453
Prepaid tax		669,316	467,014
Cash and cash equivalents	18(a)	31,271,913	36,526,379
		43,980,232	55,238,797
Current liabilities			
Trade and other payables	19	17,783,794	21,453,855
Contract liabilities	20	1,570,120	1,712,175
Lease liabilities	21(a)	7,765,701	–
Obligations under finance leases	21(b)	–	1,186,151
Provision for reinstatement cost	23	200,000	220,000
Current taxation		–	594,945
		27,319,615	25,167,126
Net current assets		16,660,617	30,071,671
Total assets less current liabilities		43,940,301	54,074,825

Consolidated Statement of Financial Position

As at 31 March 2020

	Note	2020 HK$	2019 HK$
Non-current liabilities			
Lease liabilities	21(a)	6,748,125	–
Obligations under finance leases	21(b)	–	1,371,457
Deferred tax liabilities	22	387,106	387,106
		7,135,231	1,758,563
Net assets		36,805,070	52,316,262
CAPITAL AND RESERVES			
Share capital	24(b)	9,000,000	9,000,000
Reserves	24(c)	27,805,070	43,316,262
Total equity		36,805,070	52,316,262

Approved and authorised for issue by the board of directors on 24 June 2020.

CHAU Man Keung *Director*	**HSU Ching Loi** *Director*

Consolidated Statement of Changes in Equity

For the year ended 31 March 2020

	Share capital (Note 24(b)) HK$	Share premium (Note 24(c)(i)) HK$	Capital reserve (Note 24(c)(ii)) HK$	Accumulated losses HK$	Total HK$
At 1 April 2018	9,000,000	29,644,379	20,077,867	(1,070,728)	57,651,518
Loss and total comprehensive income for the year	–	–	–	(5,335,256)	(5,335,256)
At 31 March and 1 April 2019	9,000,000	29,644,379	20,077,867	(6,405,984)	52,316,262
Loss and total comprehensive income for the year	–	–	–	(15,511,192)	(15,511,192)
At 31 March 2020	9,000,000	29,644,379	20,077,867	(21,917,176)	36,805,070

Consolidated Statement of Cash Flows

For the year ended 31 March 2020

	Note	2020 HK$	2019 HK$
Cash flows from operating activities			
Cash generated from/(used in) operations	18(b)	3,235,939	(12,928,532)
Tax paid		(766,729)	(1,714,199)
Net cash generated from/(used in) operating activities		2,469,210	(14,642,731)
Cash flows from investing activities			
Payment for the purchase of property, plant and equipment		(2,467,007)	(16,039,919)
Proceeds from disposal of property, plant and equipment		3,329,526	60,000
Interest received		387,260	136,442
Net cash generated from/(used in) investing activities		1,249,779	(15,843,477)
Cash flows from financing activities			
Capital element of lease payments	18(c)	(8,273,140)	(946,226)
Interest element of lease payments	18(c)	(700,315)	(243,747)
Net cash used in financing activities		(8,973,455)	(1,189,973)
Net decrease in cash and cash equivalents		(5,254,466)	(31,676,181)
Cash and cash equivalents at the beginning of the year		36,526,379	68,202,560
Cash and cash equivalents at the end of the year	18(a)	31,271,913	36,526,379

For the year ended 31 March 2020 (Expressed in Hong Kong dollars unless otherwise indicated)

1 GENERAL INFORMATION

Universe Printshop Holdings Limited (the "Company") is a public limited company incorporated in the Cayman Islands on 27 April 2017 as an exempted company and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 28 March 2018. The Company was incorporated in the Cayman Islands under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is 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 principal activities of its principal subsidiaries are set out in note 15.

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

(a) Adoption of new/revised HKFRSs — effective 1 April 2019

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations issued by the HKICPA, which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 April 2019:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features and Negative Compensation
Amendments to HKAS 28	Long-term interests in Associate and Joint Ventures
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3 Business Combinations, HKFRS 11 Joint Arrangements, HKAS 12 Income Taxes, and HKAS 23 Borrowing Costs

The impacts of the adoption of HKFRS 16 *Leases* ("HKFRS 16") have been summarised as below. The other new or revised HKFRSs that are effective from 1 April 2019 did not have significant impact on the Group's accounting policies.

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

(a) Adoption of new/revised HKFRSs — effective 1 April 2019 (Continued)

HKFRS 16

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 *Leases* ("HKAS 17"), HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases — Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions involving the Legal Form of a Lease*. From a lessee's perspective, almost all leases are recognised in the statement of financial position as right-of-use assets and lease liabilities, with a narrow exception of this principle for leases which the underlying assets are of low value or are determined as short-term leases. From a lessor's perspective, the accounting treatment is substantially unchanged from HKAS 17. Details of HKFRS 16 regarding its new definition of a lease, its impact on the Group's consolidated financial statements and accounting policies and the transition method adopted by the Group as allowed under HKFRS 16 are set out below.

(i) The new definition of a lease

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an assets (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset; and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate standalone price of the non-lease components, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

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

(a) Adoption of new/revised HKFRSs — effective 1 April 2019 (Continued)

HKFRS 16 **(Continued)**

(ii) Accounting as a lessee

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group recognised a right-of-use asset and a lease liability at the commencement date of a lease.

The new accounting policies as leasee for leases under HKFRS 16 are set out in note 4(f)(i).

(iii) Transition

The Group has applied HKFRS 16 using the modified retrospective approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of accumulated losses at the date of initial application, i.e. 1 April 2019. The comparative information presented in 2019 has not been restated and continues to be prepared under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The Group has applied the transitional practical expedient to grandfather the previous assessment on leases. The Group has recognised lease liabilities at the date of 1 April 2019 for the leases previously classified as operating leases applying HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at 1 April 2019.

The Group has elected to recognise right-of-use assets at 1 April 2019 for the leases including leases of retail shops, production workshops, car parks and office premises previously classified as operating leases under HKAS 17 at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to those leases recognised in the statement of financial position at 31 March 2019. For all these right-of-use assets, the Group has applied HKAS 36 *Impairment of Assets* at 1 April 2019 to assess if there was any impairment as on that date.

For the year ended 31 March 2020 (Expressed in Hong Kong dollars unless otherwise indicated)

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

(a) Adoption of new/revised HKFRSs — effective 1 April 2019 (Continued)

HKFRS 16 (Continued)

(iii) Transition (Continued)

The Group has also applied the following practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; and (ii) applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with term that will end within this financial year and accounted for those leases as short-term leases.

The Group has also leased machineries and motor vehicles which were previously accounted for as finance leases under HKAS 17. As the Group has elected to adopt the modified retrospective approach over the adoption of HKFRS 16, for the finance leases under HKAS 17, the right-of-use assets and the corresponding lease liabilities at 1 April 2019 were the carrying amount of the lease assets and lease liabilities under HKAS 17 immediately before that date. For those leases, the Group has accounted for the right-of-use assets and the lease liabilities applying HKFRS 16 from 1 April 2019.

Upon adoption of HKFRS 16 on 1 April 2019, the right-of-use assets arising from the above machineries and motor vehicles amounting to HK$835,126 in total were reclassified from property, plant and equipment and presented separately as right-of-use assets whereas the corresponding finance lease liabilities amounting to HK$2,557,608 (classified as to HK$1,186,151 as current liabilities and HK$1,371,457 as non-current liabilities) were reclassified from "Obligations under finance leases" to "Lease liabilities".

(iv) Impact on the adoption of HKFRS 16

The following tables summarised the impact of transition to HKFRS 16 on the consolidated statement of financial position as of 31 March 2019 to that of 1 April 2019:

	As previously reported HK$	HKFRS 16 contract capitalisation HK$	HKFRS 16 reclassification HK$	As restated HK$
Assets				
Property, plant and equipment	23,383,592	–	(835,126)	22,548,466
Right-of-use assets	–	8,658,775	835,126	9,493,901
Liabilities				
Obligations under finance lease (current)	1,186,151	–	(1,186,151)	–
Obligations under finance lease (non-current)	1,371,457	–	(1,371,457)	–
Lease liabilities (current)	–	6,678,119	1,186,151	7,864,270
Lease liabilities (non-current)	–	1,980,656	1,371,457	3,352,113

For the year ended 31 March 2020 (Expressed in Hong Kong dollars unless otherwise indicated)

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

(a) Adoption of new/revised HKFRSs — effective 1 April 2019 (Continued)

HKFRS 16 **(Continued)**

(iv) Impact on the adoption of HKFRS 16 (Continued)

The following reconciliation explains how the operating lease commitments disclosed applying HKAS 17 at the end of 31 March 2019 could be reconciled to the lease liabilities at the date of initial application recognised in the consolidated statement of financial position as at 1 April 2019:

	HK$
Operating lease commitments as of 31 March 2019	10,236,787
Add: Finance lease liabilities as of 31 March 2019	2,557,608
Less: Short-term leases for which lease terms end within the financial year	(1,169,136)
Less: Future interest expenses	(408,876)
Total lease liabilities as of 1 April 2019	11,216,383

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the consolidated statement of financial position as at 1 April 2019 was 6.94%.

HK(IFRIC)-Int 23 Uncertainty over Income Tax Treatments

The Interpretation supports the requirements of HKAS 12 *Income Taxes* by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes. Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

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

(a) Adoption of new/revised HKFRSs — effective 1 April 2019 (Continued)

Amendments to HKFRS 9 Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met instead of at fair value through profit or loss.

Amendments to HKAS 28 Long-term Interests in Associates and Joint Ventures

The amendments clarifies that HKFRS 9 applies to long-term interests in associates or joint ventures which form part of the net investment in the associates or joint ventures and stipulates that HKFRS 9 is applied to these long-term interests before the impairment losses guidance within HKAS 28.

Annual Improvements to HKFRSs 2015-2017 Cycle

The amendment issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include the following:

Amendments to HKFRS 3 Business Combinations

Amendments to HKFRS 3 clarify that when a joint operator of a business obtains control over a joint operation, this is a business combination achieved in stages and the previously held equity interest should therefore be remeasured to its acquisition-date fair value.

Amendments to HKFRS 11 Joint Arrangements

Amendments to HKFRS 11 clarify that when a party that participates in, but does not have joint control of, a joint operation which is a business and subsequently obtains joint control of the joint operation, the previously held equity interest should not be remeasured to its acquisition date fair value.

Amendments to HKAS 12 Income Taxes

Amendments to HKAS 12 clarify that all income tax consequences of dividends are recognised consistently with the transactions that generated the distributable profits, either in profit or loss, other comprehensive income or directly in equity.

Amendments to HKAS 23 Borrowing Costs

Amendments to HKAS 23 clarify that a borrowing made specifically to obtain a qualifying asset which remains outstanding after the related qualifying asset is ready for its intended use or sale would become part of the funds an entity borrows generally and therefore included in the general pool.

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

(b) New or revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 3	Definition of a Business[1]
Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
Amendments to HKFRS 16	COVID-19 – Related Rent Concessions[2]

1 Effective for annual periods beginning on or after 1 January 2020
2 Effective for annual periods beginning on or after 1 June 2020

The directors anticipate that all of the relevant pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. The directors are currently assessing the possible impact of these new or revised standards on the Group's results and financial position in the first year of application. Those new or revised HKFRSs that have been issued but are not yet effective are unlikely to have material impact on the Group's results and financial position upon application.

Amendments to HKFRS 3 Definition of a Business

The amendments clarify that a business must include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs, together with providing extensive guidance on what is meant by a "substantive process".

Additionally, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs, whilst narrowing the definition of "outputs" and a "business" to focus on returns from selling goods and services to customers, rather than on cost reductions. An optional concentration test has also been added that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

Amendments to HKAS 1 and HKAS 8 Definition of Material

The amendments clarify the definition and explanation of "material", aligning the definition across all HKFRS Standards and the Conceptual Framework, and incorporating supporting requirements in HKAS 1 into the definition.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 Interest Rate Benchmark Reform

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

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

(b) New or revised HKFRSs that have been issued but are not yet effective (Continued)

Amendments to HKFRS 16 COVID-19 – Related Rent Concessions

The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The resulting accounting will depend on the details of the rent concession.

3 BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis. The measurement bases are fully described in the accounting policies as set out in note 4.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

(c) Functional and presentation currency

The financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company.

4 SIGNIFICANT ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee; exposure, or rights, to variable returns from the investee; and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs, such as repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

– Furniture and equipment	5 years
– Computer equipment	5 years
– Leasehold improvements	Shorter of lease term and 5 years
– Plant and machinery	4–10 years
– Motor vehicle	3 years

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount (note (h)).

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Intangible assets

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is provided on a straight-line basis over their useful lives. Intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses. Software is amortised over of 3 to 5 years. The amortisation expense is recognised in profit or loss and included in administrative expenses.

(e) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(f) Leases

(i) Accounting policies applicable from 1 April 2019

All leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

Right-of-use asset is recognised at cost and comprises: (i) the amount of the initial measurement of the lease liability; (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Except for right-of-use asset that meets the definition of an investment property or a class of property, plant and equipment to which the Group applies the revaluation model, the Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-of-use assets at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

Right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Leases (Continued)

(i) Accounting policies applicable from 1 April 2019 (Continued)

Lease liability

Lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

The following payments for the use of the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g. a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

(ii) Accounting policies applied until 31 March 2019

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are initially recognised as assets at their fair value or, if lower, the present value of the minimum lease payments. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to profit or loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

Fair value through other comprehensive income ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

FVTPL: They include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. FVTPL are measured at fair value with changes in fair value and interest income are recognised in profit or loss.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial instruments (Continued)

(i) Financial assets (Continued)

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at FVOCI are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss ("ECL") on trade and other receivables and deposits. ECL is measured on either of the following bases: (1) 12-month ECL: these are the ECL that result from possible default events within 12 months after the reporting date; and (2) lifetime ECL: these are ECL that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

ECL is a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group measures loss allowances for trade receivables using simplified approach and has calculated ECL based on lifetime ECL. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECL is based on the 12-month ECL. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group presumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

The Group consider a financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter into bankruptcy or other financial reorganisation; or
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

The Group presumes that default does not occur later than when a financial asset is 90 days past due.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at FVTPL are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at FVTPL, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial instruments (Continued)

(iii) Financial liabilities (Continued)

Financial liabilities at fair value through profit or loss (Continued)

Financial liabilities may be designated upon initial recognition as at FVTPL if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise, except for the gains and losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables and obligations under finance leases are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Impairment of assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- right-of-use assets; and
- intangible assets

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the impairment loss is treated as a revaluation decrease under that HKFRS.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the reversal of the impairment loss is treated as a revaluation increase under that HKFRS.

Value in use is based on the estimated future cash flows expected to be derived from the asset, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

(i) Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short-term, highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. Short-term employee benefits are recognised in the year when the employees render the related service. Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

(ii) Defined contribution retirement plan

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

(iii) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

(k) Income tax

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or nonoccurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(m) Recognition of revenue and other income

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

(i) provides all the benefits received and consumed simultaneously by the customer;

(ii) creates or enhances an asset that the customer controls as the Group performs; or

(iii) does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If the control of the goods or services is transferred over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point of time when the customer obtain control of the goods or service.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Recognition of revenue and other income (Continued)

When the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Sales of goods

Revenue from sales of goods is recognised at a point in time when the goods are delivered to and accepted by customers, taking into account any sales returns, discounts and rebates allowed by the Group. There is generally only one performance obligation. No element of financing is deemed to be as the sales are made with credit terms of 30 to 90 days, which is consistent with the market practice.

Interest income

Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

Scrap sale income

Scrap sale income is recognised when the scrap materials are delivered to the customers.

(n) Contract assets and liabilities

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Related parties

(1) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(2) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (1).

(vii) A person identified in (1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In addition to information disclosed elsewhere in these consolidated financial statements, other key sources of estimation uncertainty that have a significant risk of resulting a material adjustment to the carrying amounts of assets and liabilities within next financial year are as follows:

(a) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account the estimated residual value. The Group reviews the estimated useful lives of property, plant and equipment regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(b) Impairment of trade and other receivables

The measurement of impairment losses on receivables under HKFRS 9 across requires significant judgment and estimation, in particular, the assessment of a significant increase in credit risk and credit-impaired financial assets as well as the estimation of the amount and timing of future cash flows when determining impairment losses. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

At each reporting date, the Group assesses whether there has been a significant increase in credit risk of other receivables for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.

Details of the key assumptions and inputs used are set out in note 26(a).

(c) Impairment of property, plant and equipment and right-of-use assets

The Group assesses whether there are any indicators of impairment for property, plant and equipment and right-of-use assets. If such an indication exists, the recoverable amount of property, plant and equipment and right-of-use assets are estimated using the higher of its fair value less costs of disposals and its value-in-use. If the carrying amount of property, plant and equipment and right-of-use assets exceed its recoverable amount, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in profit or loss. The determination of recoverable amount based on value-in-use calculation incorporates a number of key estimates and assumptions about future events and therefore, are subject to uncertainty and might materially differ from the actual results. In making these key estimates and judgments, the directors take into consideration assumptions that are mainly based on market conditions existing at the end of the reporting period and appropriate market and discount rates. Future changes in the events and conditions underlying the estimates and judgements would affect the estimation of recoverable amounts and result in adjustments to their carrying amounts.

For the year ended 31 March 2020 (Expressed in Hong Kong dollars unless otherwise indicated)

6 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:

	2020 HK$	2019 HK$
Revenue from contracts with customers within the scope of HKFRS 15		
Timing of revenue recognition – At a point in time		
– Offset printing	101,556,811	113,987,736
– Toner-based digital printing	8,172,819	9,485,052
– Ink-jet printing	18,568,567	23,928,586
– Other services	5,130,147	5,323,968
	133,428,344	152,725,342

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

Further details regarding the Group's principal activities are disclosed below.

6 REVENUE AND SEGMENT REPORTING (Continued)

(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.

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.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Income and expenses are allocated to the reportable segments with reference to sales or income generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment revenue represents revenue from external customers and there were no inter-segment sales between different segments during the year and in prior year.

Reportable segment profit excludes corporate income and expenses from the Group's profit or loss before taxation. Corporate income and expenses are income and expenses incurred by corporate headquarters and are not allocated to the operating segments, which mainly included finance costs and depreciation of corporate assets, professional fees, administrative staff costs and directors' remuneration. Each of the operating segments is managed separately as the resources requirement of each of them is different.

For the year ended 31 March 2020 (Expressed in Hong Kong dollars unless otherwise indicated)

6 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

(i) Segment results, assets and liabilities (Continued)

Segment assets include all tangible assets and current assets with the exception of tax assets, cash and cash equivalents and other corporate assets including right-of-use assets. Segment liabilities include trade and other payables and accruals, and other liabilities attributable to the business activities of the individual segments, and exclude lease liabilities and tax liabilities.

Information regarding the Group's reporting segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 March 2020 and 31 March 2019 is set out below:

	Offset printing		Digital printing		Ink-jet printing		Other services		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$
Reportable segment revenue	101,556,811	113,987,736	8,172,819	9,485,052	18,568,567	23,928,586	5,130,147	5,323,968	133,428,344	152,725,342
Reportable segment profit/(loss)	669,028	799,664	(312,965)	2,522,555	1,440,418	1,426,421	675,550	523,642	2,472,031	5,272,282
Finance cost	177,091	–	152,943	219,969	–	–	–	–	330,034	219,969
Depreciation	5,683,349	3,539,515	375,145	532,241	56,668	56,668	–	–	6,115,162	4,128,424
Impairment loss recognised on property, plant and equipment and right-of-use assets (note13(d))	2,103,337	–	2,258,417	–	–	–	–	–	4,361,754	–
Impairment loss recognised/ (Reversal of impairment loss) on trade receivable	24,360	115,847	166,833	–	(7,954)	118,607	(31,117)	48,714	152,122	283,168
Additions to non-current assets excluding deferred tax assets	1,341,603	13,858,245	98,800	281,000	–	–	–	–	1,440,403	14,139,245
Reportable segment assets at the end of the reporting period	24,286,658	33,172,548	479,836	1,570,037	1,232,290	2,661,348	395,974	417,474	26,394,758	37,821,407
Reportable segment liabilities at the end of the reporting period	14,553,492	17,575,096	3,895,393	3,315,104	816,706	1,116,357	804,265	974,355	20,069,856	22,980,912

For the year ended 31 March 2020 (Expressed in Hong Kong dollars unless otherwise indicated)

6 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

(ii) Reconciliation of reportable segment results, assets and liabilities

	2020 HK$	2019 HK$
Result		
Reportable segment profit	2,472,031	5,272,282
Corporate and unallocated income and expenses		
Other income	570,899	310,224
Finance costs	(370,281)	(23,778)
Depreciation and amortization	(7,313,105)	(796,733)
Impairment loss on property, plant and equipment and right-of-use assets	(3,367,894)	–
Other office and corporate expenses	(7,529,574)	(10,998,592)
Loss before taxation	(15,537,924)	(6,236,597)

	2020 HK$	2019 HK$
Assets		
Reportable segment assets	26,394,758	37,821,407
Unallocated head office and corporate assets		
Right-of-use assets	7,499,568	–
Intangible assets	177,704	257,649
Prepaid tax and deferred tax assets	906,729	704,427
Cash and cash equivalents	31,271,913	36,526,379
Other assets	5,009,244	3,932,089
Total assets	71,259,916	79,241,951

	2020 HK$	2019 HK$
Liabilities		
Reportable segment liabilities	20,069,856	22,980,912
Unallocated head office and corporate liabilities		
Lease liabilities	10,460,015	–
Current taxation	–	594,945
Deferred tax liabilities	387,106	387,106
Other liabilities	3,537,869	2,962,726
Total liabilities	34,454,846	26,925,689

(iii) Geographic information

The Group's revenue is solely derived from external customers based in Hong Kong, which is the location at which the goods were delivered. The Group's non-current assets excluding deferred tax assets were located in Hong Kong as at 31 March 2020 and 2019.

For the year ended 31 March 2020 (Expressed in Hong Kong dollars unless otherwise indicated)

7 OTHER INCOME AND OTHER GAINS

	2020 HK$	2019 HK$
Other income		
Interest income	387,260	136,442
Scrap sale income	839,964	1,068,322
Sundry income	183,639	173,782
	1,410,863	1,378,546
Other gains		
Net exchange gain	4,885	102,286
Gain on disposal of property, plant and equipment (note 13)	3,192,692	50,833
Gain on lease modification	51,478	–
	3,249,055	153,119

8 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

		2020 HK$	2019 HK$
(a)	**Finance cost**		
	Interest on lease liabilities (note 21(a))	700,315	–
	Interest on obligations under finance leases	–	243,747
(b)	**Staff costs (including directors' remuneration)#**		
	Salaries, wages and other benefits	31,492,765	31,257,786
	Contributions to defined contribution retirement plans	1,378,904	1,362,249
		32,871,669	32,620,035
(c)	**Other items**		
	Auditors' remuneration	430,000	430,000
	Cost of inventories recognised as expenses#	108,358,978	124,389,998
	Depreciation of property, plant and equipment# (note 13)	5,608,050	4,845,212
	Depreciation of right-of-use assets# (note 13)	7,740,272	–
	Amortisation of intangible assets (note 14)	79,945	79,945
	Minimum leases payments for operating leases under HKAS 17	–	9,095,524
	Short-term leases expense	2,245,289	–
	Impairment loss recognised on trade receivables (note 17(b))	152,122	283,168

Cost of inventories included the amounts of HK$11,314,352, HK$4,718,207 and HK$3,544,407 (2019: HK$11,265,223, HK$4,129,559 and Nil) respectively relating to staff costs, depreciation of property, plant and equipment and depreciation of right-of-use assets, which amounts are also included in the respective total amounts disclosed separately in this note for each of these types of expenses.

For the year ended 31 March 2020 (Expressed in Hong Kong dollars unless otherwise indicated)

9 INCOME TAX CREDIT

Income tax credit in the consolidated statements of comprehensive income represents:

	2020 HK$	2019 HK$
Current tax		
Hong Kong Profits Tax for the year	–	31,599
Over-provision in respect of prior years	(26,732)	(119,328)
	(26,732)	(87,729)
Deferred tax		
Credited to profit or loss (note 22)	–	(813,612)
	(26,732)	(901,341)

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% (2019: 16.5%) of the estimated assessable profits for the year. 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.

Reconciliation between income tax credit and accounting loss at applicable tax rates is as follows:

	2020 HK$	2019 HK$
Loss before taxation	(15,537,924)	(6,236,597)
Notional tax on loss before taxation, calculated at applicable tax rates	(2,567,287)	(1,083,478)
Tax effect of non-deductible expenses	31,490	401,809
Tax effect of non-taxable income	(43,831)	(22,454)
Tax effect of tax losses not recognised	1,386,792	–
Tax effect of other temporary differences not recognised	1,192,836	–
Over-provision in respect of prior years	(26,732)	(119,328)
Others	–	(77,890)
Income tax credit	(26,732)	(901,341)

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10 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Company (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Directors' fees HK$	Salaries, allowances and benefits in kind HK$	Discretionary bonuses HK$	Retirement scheme contributions HK$	2020 Total HK$
Executive directors					
Mr. CHAU Man Keung	–	950,000	50,000	18,000	1,018,000
Mr. HSU Ching Loi	–	890,000	50,000	18,000	958,000
Mr. LEUNG Yuet Cheong	–	761,000	25,000	18,000	804,000
Mr. WONG Man Hin Joe	–	735,000	25,000	18,000	778,000
Independent non-executive directors					
Mr. WAN Aaron Chi Keung	144,000	–	–	–	144,000
Mr. CHAN Chun Kit	144,000	–	–	–	144,000
Ms. SUN Yongjing	144,000	–	–	–	144,000
	432,000	3,336,000	150,000	72,000	3,990,000

	Directors' fees HK$	Salaries, allowances and benefits in kind HK$	Discretionary bonuses HK$	Retirement scheme contributions HK$	2019 Total HK$
Executive directors					
Mr. CHAU Man Keung	–	830,000	100,000	18,000	948,000
Mr. HSU Ching Loi	–	770,000	100,000	18,000	888,000
Mr. LEUNG Yuet Cheong	–	677,000	50,000	18,000	745,000
Mr. WONG Man Hin Joe	–	628,000	50,000	18,000	696,000
Independent non-executive directors					
Mr. WAN Aaron Chi Keung	144,000	–	–	–	144,000
Mr. CHAN Chun Kit	144,000	–	–	–	144,000
Ms. SUN Yongjing	144,000	–	–	–	144,000
	432,000	2,905,000	300,000	72,000	3,709,000

For the year ended 31 March 2020 (Expressed in Hong Kong dollars unless otherwise indicated)

10 DIRECTORS' EMOLUMENTS (Continued)

No director received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the years. No director waived or agreed to waive any emoluments during the years.

The Company did not have any share option scheme for the purchase of ordinary shares in the Company during the years.

The discretionary bonus is determined with reference to the financial performance of the Group.

11 FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT'S EMOLUMENTS

Of the five individuals with the highest emoluments, four (2019: four) are directors whose emoluments are disclosed in note 10. The emoluments in respect of the remaining individual are as follows:

	2020 HK$	2019 HK$
Salaries and other allowances and benefits in kind	600,000	544,000
Discretionary bonuses	72,500	40,000
Retirement scheme contributions	18,000	18,000
	690,500	602,000

The emoluments of the one (2019: one) individual with the highest emoluments are within the following bands:

	2020 Number of individuals	2019 Number of individuals
Nil to HK$1,000,000	1	1

The emoluments paid or payable to members of senior management are within the following bands:

	2020 Number of individuals	2019 Number of individuals
Nil to HK$1,000,000	4	4

12 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share was based on the loss attributable to owners of the Company of HK$15,511,192 (2019: HK$5,335,256) and the weighted average of 900,000,000 ordinary shares (2019: 900,000,000 ordinary shares) in issue during the year.

(b) Diluted loss per share

The diluted loss per share is the same as the basic loss per share as the Group did not have dilutive potential ordinary shares for both years.

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13 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Property, plant and equipment

	Leasehold improvements HK$	Furniture and equipment HK$	Plant and machinery HK$	Computer equipment HK$	Motor vehicle HK$	Total HK$
Cost:						
At 1 April 2018	641,110	532,057	27,211,738	464,880	651,000	29,500,785
Additions	1,266,229	136,519	14,139,245	12,339	485,587	16,039,919
Disposals	(46,000)	–	(84,300)	–	–	(130,300)
At 31 March 2019 and 1 April 2019 as originally presented	1,861,339	668,576	41,266,683	477,219	1,136,587	45,410,404
Initial adoption of HKFRS 16 (note (a))	–	–	(3,762,906)	–	(651,000)	(4,413,906)
Restated balance at 1 April 2019	1,861,339	668,576	37,503,777	477,219	485,587	40,996,498
Additions	1,012,604	–	1,440,403	–	–	2,453,007
Disposals (note (c))	(90,000)	–	(3,170,600)	–	–	(3,260,600)
At 31 March 2020	2,783,943	668,576	35,773,580	477,219	485,587	40,188,905
Accumulated depreciation and impairment:						
At 1 April 2018	(362,817)	(290,441)	(16,236,317)	(217,858)	(195,300)	(17,302,733)
Charge for the year	(140,388)	(118,928)	(4,128,424)	(109,541)	(347,931)	(4,845,212)
Written back on disposals	36,833	–	84,300	–	–	121,133
At 31 March 2019 and 1 April 2019 as originally presented	(466,372)	(409,369)	(20,280,441)	(327,399)	(543,231)	(22,026,812)
Initial adoption of HKFRS 16 (note (a))	–	–	3,188,180	–	390,600	3,578,780
Restated balance at 1 April 2019	(466,372)	(409,369)	(17,092,261)	(327,399)	(152,631)	(18,448,032)
Charge for the year	(617,730)	(105,101)	(4,628,348)	(95,546)	(161,325)	(5,608,050)
Impairment (note (d))	(484,264)	(41,697)	(2,115,542)	(13,764)	(46,437)	(2,701,704)
Written back on disposals (note (c))	90,000	–	3,033,766	–	–	3,123,766
At 31 March 2020	(1,478,366)	(556,167)	(20,802,385)	(436,709)	(360,393)	(23,634,020)
Net book value:						
At 31 March 2020	1,305,577	112,409	14,971,195	40,510	125,194	16,554,885
At 31 March 2019	1,394,967	259,207	20,986,242	149,820	593,356	23,383,592

For the year ended 31 March 2020 (Expressed in Hong Kong dollars unless otherwise indicated)

13 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (Continued)

Right-of-use assets

	Leased properties HK$	Machineries HK$	Motor vehicle HK$	Total HK$
Cost:				
At 31 March 2019 and 1 April 2019 as originally presented	–	–	–	–
Initial adoption of HKFRS 16 (note (a))				
Capitalisation of leases	8,658,775	–	–	8,658,775
Transfer from property, plant and equipment	–	3,762,906	651,000	4,413,906
Restated balance at 1 April 2019	8,658,775	3,762,906	651,000	13,072,681
Additions	9,638,115	2,488,130	–	12,126,245
Effect of modification	(263,103)	(923,000)	–	(1,186,103)
At 31 March 2020	18,033,787	5,328,036	651,000	24,012,823
Accumulated depreciation:				
At 31 March 2019 and 1 April 2019 as originally presented	–	–	–	–
Initial adoption of HKFRS 16 (note (a))	–	–	–	–
Transfer from property, plant and equipment	–	(3,188,180)	(390,600)	(3,578,780)
Restated balance at 1 April 2019	–	(3,188,180)	(390,600)	(3,578,780)
Charge for the year	(7,040,017)	(504,955)	(195,300)	(7,740,272)
Impairment (note(d))	(2,862,137)	(2,148,193)	(17,614)	(5,027,944)
Effect of modification	128,119	553,800	–	681,919
At 31 March 2020	(9,774,035)	(5,287,528)	(603,514)	(15,665,077)
Net book value:				
At 31 March 2020	8,259,752	40,508	47,486	8,347,746
At 31 March 2019	–	–	–	–

Note:

(a) The Group has entered into lease arrangements for properties (including retail shops, production workshops, car parks and office premises), machineries and motor vehicle for own use and has applied HKFRS 16 since 1 April 2019 in accounting for those leases.

The Group has initially applied HKFRS 16 using the modified retrospective approach and for those leases which existed as at 1 April 2019, the Group adjusted the opening balances at 1 April 2019 to recognise right-of-use assets relating to those leases which were previously classified as operating leases (for properties) and finance leases (for machineries and motor vehicles) under HKAS 17. After initial recognition of right-of-use assets at 1 April 2019, the Group as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated. Further details of the transition to HKFRS 16 are set out in note 2(a). Details about the leases and the corresponding lease liabilities are disclosed in note 21.

13 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (Continued)

Right-of-use assets (Continued)

Note: (Continued)

(b) As at 31 March 2019, the net carrying amount of the Group's machineries and motor vehicles held under finance leases was HK$835,126 in total.

(c) During the year, the Group disposed of certain plant and machineries with carrying value of HK$136,834 at total considerations of HK$3,329,526, resulting in disposal gain on property, plant and machinery of HK$3,192,692 (2019: HK$50,833).

(d) For the purpose of impairment assessment, cash-generating unit represents each of the operating segments as disclosed in note 6(b) and their property, plant and equipment and right-of-use assets are tested for impairment by the management by estimating the recoverable amount of each of the cash-generating units. Corporate assets are allocated to the operating segments and included as part of the carrying amounts of the operating segments for comparing to their recoverable amounts. The recoverable amounts are determined based on value-in-use calculations, which comprise cash flow projections of each of these cash-generating units prepared based on the financial budgets approved by the management. The period covered by the financial budgets is 5 years.

Based on the result of the impairment assessment, the recoverable amount of the cash-generating unit of offset printing was estimated to be HK$22,371,896, which is lower than its carrying amount by HK$2,981,680, whereas the recoverable amount of the cash-generating unit of digital printing was estimated to insignificant resulting in shortfall by its carrying amount of HK$4,747,968. Accordingly, impairment loss of HK$7,729,648 was recognised for the year ended 31 March 2020 which was mainly due to decrease in expected revenue and deterioration of financial performance over the forecast periods as a result of social unrest and outbreak of COVID-19 during the year.

The key assumptions used by the management in the value-in-use calculations of the cash-generating units of offset printing and digital printing include: (i) sales growth rates ranged from 3.5% to 6.6% for offset printing and 3.5% to 10.3% for digital printing; (ii) gross profit margin is maintained at similar level as have achieved during the current year; and (iii) pre-tax discount rate of 7.2%.

These assumption were determined based on past performance and management's expectations in respect of the market conditions as well as the economy and political changes which have impact on the segment profits. The pre-tax discount rate used reflects the specific risks relate to the business and industry in which this cash-generating units are engaged.

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14 INTANGIBLE ASSETS

	Software HK$
Cost:	
At 1 April 2018, 31 March 2019, 1 April 2019 and 31 March 2020	390,891
Accumulated amortisation:	
At 1 April 2018	(53,297)
Charge for the year	(79,945)
At 31 March and 1 April 2019	(133,242)
Charge for the year	(79,945)
At 31 March 2020	(213,187)
Net book value:	
At 31 March 2020	177,704
At 31 March 2019	257,649

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15 INVESTMENTS IN SUBSIDIARIES

The following is a list of subsidiaries of the Group. The class of shares held is ordinary unless otherwise stated.

			Proportion of ownership interest			
Name of the company	Place of incorporation	Particulars of issued share capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities and place of operation
Universe Printshop Limited	Cayman Islands	133,334 shares of HK$0.01 each	100%	100%	–	Investment holding in Hong Kong
All in 1 Printing (Group) Limited	Hong Kong	10,000,000 shares	100%	–	100%	Investment holding in Hong Kong
Universe Printing Holdings Limited	Hong Kong	10,000,000 shares	100%	–	100%	Provision of general printing services and trading of printing products in Hong Kong
Print Shop Limited	Hong Kong	10,000,000 shares	100%	–	100%	Provision of printing services and solutions in Hong Kong
Startec Colour Separation Printing Limited	Hong Kong	10,000,000 shares	100%	–	100%	Provision of printing services and solutions in Hong Kong
Net Printshop Limited	Hong Kong	100,000 shares	100%	–	100%	Provision of printing services and solutions in Hong Kong

16 INVENTORIES

Inventories in the consolidated statement of financial position comprise:

	2020 HK$	2019 HK$
Raw materials	1,574,150	1,704,275
Work in progress	350,636	425,938
Finished goods	549,853	615,773
Consumable stores	582,295	589,965
	3,056,934	3,335,951

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17 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2020 HK$	2019 HK$
Trade receivables	7,658,664	12,175,074
Less: Loss allowance (note 17(b))	(635,710)	(483,588)
	7,022,954	11,691,486
Other receivables, prepayments and deposits	1,959,115	3,217,967
	8,982,069	14,909,453

(a) Ageing analysis

At 31 March 2020, the ageing analysis of trade receivables, based on invoice date and net of allowance for doubtful debts, is as follows:

	2020 HK$	2019 HK$
Within 1 month	2,728,247	5,079,009
1 to 2 months	1,348,312	2,919,624
2 to 3 months	886,624	1,860,726
Over 3 months	2,059,771	1,832,127
	7,022,954	11,691,486

Trade receivables are normally due within 30 to 90 days from invoice date. Further details on the Group's credit policy are set out in note 26(a).

For the year ended 31 March 2020 (Expressed in Hong Kong dollars unless otherwise indicated)

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

(b) Impairment of trade receivables

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

The movements in loss allowance for trade receivables during the year, including both specific and collective loss components, are as follows:

	2020 HK$	2019 HK$
At the beginning of the year	483,588	200,420
Reversal of impairment loss	(40,434)	–
Impairment loss recognised	192,556	283,168
At the end of the year	635,710	483,588

The Group measures impairment provision for trade receivables at the amount equal to lifetime ECLs. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 26(a).

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18 NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Cash and cash equivalents comprise:

	2020 HK$	2019 HK$
Cash at bank and on hand	31,271,913	36,526,379

(b) Reconciliation of loss before taxation to cash generated from/(used in) operations:

	Notes	2020 HK$	2019 HK$
Loss before taxation		(15,537,924)	(6,236,597)
Adjustment for:			
Finance cost	8(a)	700,315	243,747
Depreciation on property, plant and equipment	8(c)	5,608,050	4,845,212
Depreciation on right-of-use assets	8(c)	7,740,272	–
Amortisation of intangible assets	8(c)	79,945	79,945
Gain on disposal of property, plant and equipment	7	(3,192,692)	(50,833)
Gain on lease modification	7	(51,478)	–
Impairment of loss on property, plant and equipment and right-of-use assets	13(d)	7,729,648	–
Interest income	7	(387,260)	(136,442)
Reversal of provision for reinstatement cost		(90,000)	(20,000)
Impairment loss recognised on trade receivables	8(c)	152,122	283,168
(Reversal of provision)/Provision for long service payments	19	(124,768)	352,090
		2,626,230	(639,710)
Changes in working capital:			
Decrease in inventories		279,017	2,141,668
Decrease/(increase) in trade and other receivables, prepayments and deposit		4,021,826	(1,054,763)
Decrease in trade and other payables		(3,549,079)	(11,605,747)
Decrease in contract liabilities		(142,055)	(1,769,980)
Cash generated from/(used in) operations		3,235,939	(12,928,532)

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18 NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

(c) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Obligations under finance lease HK$	Lease liabilities HK$
At 1 April 2018	3,503,834	–
Changes from financing cash flows:		
Capital element of lease payments	(946,226)	–
Interest element of lease payments	(243,747)	–
Total changes from financing cash flows	(1,189,973)	–
Other changes:		
Finance charges on obligation under finance lease	243,747	–
At 31 March 2019 and 1 April 2019	2,557,608	–
Adjustment on initial adoption of HKFRS 16	(2,557,608)	11,216,383
Restated balance at 1 April 2019	–	11,216,383
Changes from financing cash flows:		
Capital element of lease payments	–	(8,273,140)
Interest element of lease payments	–	(700,315)
Total changes from financing cash flows	–	(8,973,455)
Other changes:		
Increase in lease liabilities from entering into new leases	–	12,126,245
Decrease in lease liabilities from early termination of leases	–	(555,662)
Finance cost on lease liabilities	–	700,315
Total other changes	–	12,270,898
At 31 March 2020	–	14,513,826

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19 TRADE AND OTHER PAYABLES

	2020 HK$	2019 HK$
Trade payables	11,946,253	16,052,301
Accruals	3,201,632	3,306,981
Other payables	708,974	42,870
Provision for long service payments	1,926,935	2,051,703
	17,783,794	21,453,855

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

	2020 HK$	2019 HK$
Within 1 month	7,035,440	10,931,206
1 to 2 months	3,596,342	3,513,593
2 to 3 months	82,364	1,589,266
Over 3 months	1,232,107	18,236
	11,946,253	16,052,301

The movements in provision for long service payments are as follows:

	2020 HK$	2019 HK$
At the beginning of the year	2,051,703	1,699,613
(Reversal of provision)/Provision for long services payments	(124,768)	352,090
At the end of the year	1,926,935	2,051,703

According to Part VB of the Hong Kong Employment Ordinance ("the Ordinance"), the Group is liable to make long service payments to employees who are employed under the jurisdiction of the Ordinance and have completed the required number of years of service on termination of their employment, where the termination of employment meets the required circumstances as specified in the Ordinance.

A provision has been made by the Group based on the best estimate of the long service payments that are required to be made to these employees in respect of their service to date, less any amounts that would be expected to be met out of the group's contributions to its defined contribution retirement schemes and mandatory provident funds.

A portion of the above provision is expected to be utilised after more than one year. However, it is not practicable to segregate this amount from the amounts payable within the next year.

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20 CONTRACT LIABILITIES

	2020 HK$	2019 HK$
Contract liabilities arising from provision of general printing services and trading of printing products	1,570,120	1,712,175

Movements in contract liabilities are as follows:

	2020 HK$	2019 HK$
At the beginning of the year	1,712,175	3,482,155
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(1,712,175)	(3,482,155)
Increase in contract liabilities as a result of billing in advance of printing service	1,570,120	1,712,175
At the end of the year	1,570,120	1,712,175

Contract liabilities represent deposits received or advance billing from customers for provision of general printing services and trading of printing products. The amount of contract liabilities as at 31 March 2020 is expected to be recognised as revenue in twelve months.

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21 LEASE LIABILITIES AND OBLIGATIONS UNDER FINANCE LEASES

HKFRS 16 was adopted on 1 April 2019 without restatement of comparative figures. Details of the transitional provision that were applied as at 1 April 2019 are set out in note 2(a). The accounting policies applied on lease contracts until 31 March 2019 and since 1 April 2019, are disclosed in note 4(f)(ii) and note 4(f)(i) respectively.

The Group as lessee

The Group leases retail shops, production workshops, office premises, car parks, machineries and motor vehicles for use in its operation. The periodic rent is fixed over the lease term, and the leases are negotiated for an initial period of one to six years. Some of the leases contain early termination option.

(a) Lease liabilities

The movements of the right-of-use assets of these leases are disclosed in note 13. The movements of lease liabilities in respect of these leases are as follows:

	Leased properties HK$	Machineries HK$	Motor vehicle HK$	Total HK$
At 31 March 2019 as originally presented	–	–	–	–
Initial adoption of HKFRS 16 (note)	8,658,775	2,205,431	352,177	11,216,383
Restated balance at 1 April 2019	8,658,775	2,205,431	352,177	11,216,383
Additions	9,638,115	2,488,130	–	12,126,245
Effect of modification	(137,777)	(417,885)	–	(555,662)
Finance cost	382,294	301,852	16,169	700,315
Lease payments	(7,342,046)	(1,484,937)	(146,472)	(8,973,455)
Balance at 31 March 2020	11,199,361	3,092,591	221,874	14,513,826

Note: The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 April 2019 to recognise lease liabilities relating to lease which was previously classified as operating lease under HKAS 17. In addition, the carrying amount of lease liabilities as at 31 March 2019 relating to lease previously classified as finance lease and included in obligation under finance lease (note 21(b)) were reclassified to lease liabilities upon initial adoption of HKFRS 16 on 1 April 2019. Further details on the impact of the transition to HKFRS 16 are set out in note 2(a)(iv).

The Group's lease liabilities are secured by the underlying machineries and motor vehicle with carrying value of HK$87,994 as at 31 March 2020.

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21 LEASE LIABILITIES AND OBLIGATIONS UNDER FINANCE LEASES (Continued)

The Group as leasee (Continued)

(a) Lease liabilities (Continued)

Future lease payments are due as follows:

	Minimum lease payment HK$	Finance cost HK$	Present value of minimum lease payments HK$
As at 31 March 2020			
Within one year	8,457,133	(691,432)	7,765,701
After one year but within two years	5,369,804	(301,647)	5,068,157
After two years but within five years	1,828,695	(148,727)	1,679,968
	15,655,632	(1,141,806)	14,513,826

	Minimum lease payment HK$	Finance cost HK$	Present value of minimum lease payments HK$
As at 1 April 2019			
Within one year	8,400,985	(536,715)	7,864,270
After one year but within two years	3,246,584	(133,688)	3,112,896
After two years but within five years	242,324	(3,107)	239,217
	11,889,893	(673,510)	11,216,383

The present value of future lease payments are analysed as follows:

	At 31 March 2020 HK$	At 1 April 2019 HK$
Current liabilities	7,765,701	7,864,270
Non-current liabilities	6,748,125	3,352,113
	14,513,826	11,216,383

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21 LEASE LIABILITIES AND OBLIGATIONS UNDER FINANCE LEASES (Continued)

The Group as lessee (Continued)

(b) Obligations under finance leases

As at 31 March 2019, the Group leased machineries and motor vehicles and the leases were classified as finance lease as at 31 March 2019 under HKAS 17. The lease obligations were secured by the leased assets. Upon initial adoption of HKFRS 16 on 1 April 2019, the carrying amount of the obligations relating to these leases were reclassified to lease liabilities (note 21(a)).

At 31 March 2019, the Group had obligations under finance leases repayable as follows:

	2019	
	Present value of the minimum lease payments HK$	Total minimum lease payments HK$
Within one year	1,186,151	1,377,920
After one year but within two years	1,132,240	1,201,998
After two years but within five years	239,217	242,324
	1,371,457	1,444,322
	2,557,608	2,822,242
Less: total future interest expenses		(264,634)
Present value of lease obligations		2,557,608

The Group's obligation under finance leases were secured by the underlying machineries and motor vehicle with carry value of HK$835,126 as at 31 March 2019.

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22 DEFERRED TAXATION

The movements of the components of deferred tax assets/(liabilities) recognised in the financial statements are as follows:

	Tax losses HK$	Depreciation allowances in excess of related depreciation HK$	Total HK$
At 1 April 2018	–	(963,305)	(963,305)
Credited/(Charged) to profit or loss (note 9)	1,937,900	(1,124,288)	813,612
At 31 March and 1 April 2019	1,937,900	(2,087,593)	(149,693)
Credited/(Charged) to profit or loss (note 9)	(45,621)	45,621	–
At 31 March 2020	1,892,279	(2,041,972)	(149,693)

	2020 HK$	2019 HK$
Represented by:		
Deferred tax assets	237,413	237,413
Deferred tax liabilities	(387,106)	(387,106)
	(149,693)	(149,693)

As at 31 March 2020, the Group had unused tax losses of approximately HK$18,019,000 (2019: approximately HK$11,810,000) available for offset against future profits. No deferred tax assets in respect of these tax losses have been recognised in the financial statements due to the unpredictability of future profits stream.

23 PROVISION FOR REINSTATEMENT COST

	2020 HK$	2019 HK$
At the beginning of the year	220,000	240,000
Addition of provision for reinstatement costs	70,000	–
Reversal of provision for reinstatement costs	(90,000)	(20,000)
At the end of the year	200,000	220,000

Under the terms of certain leases in respect of properties entered into by the Group, the Group is required to reinstate the properties to the original physical conditions at the end of the respective leases. Provision is therefore made for the best estimate of the expected costs that related to the restoration of the alternations made to the properties.

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24 CAPITAL AND RESERVES

(a) Movements in the Company's share capital and reserves

	Share capital HK$	Share premium HK$	Accumulated losses HK$	Total equity HK$
At 1 April 2018	9,000,000	29,644,379	(12,745,550)	25,898,829
Loss and total comprehensive income for the year	–	–	(2,265,063)	(2,265,063)
At 31 March and 1 April 2019	9,000,000	29,644,379	(15,010,613)	23,633,766
Loss and total comprehensive income for the year	–	–	(2,271,990)	(2,271,990)
At 31 March 2020	9,000,000	29,644,379	(17,282,603)	21,361,776

(b) Share capital

	Par value HK$	Number of shares HK$	Amount HK$
Authorised:			
At 1 April 2018, 31 March 2019 and 31 March 2020	0.01	2,000,000,000	20,000,000
Issued and fully paid:			
At 1 April 2018, 31 March 2019 and 31 March 2020	0.01	900,000,000	9,000,000

24 CAPITAL AND RESERVES (Continued)

(c) Nature and purpose of reserves

(i) Share premium

The share premium account is governed by the Company Law of the Cayman Islands and may be applied by the Company subject to the provision, if any, of its memorandum and articles of association in paying distributions or dividends to equity shareholders.

No distribution or dividend may be paid to the equity shareholders out of the share premium account unless immediately following the date on which the distribution or dividends is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business.

(ii) Capital reserve

The capital reserve represented the difference between the par value of the Company's shares issued and the equity of Universe Printshop Limited acquired pursuant to a reorganisation completed on 8 June 2017 in connection with the listing of the Company's share on GEM of the Stock Exchange (the "Reorganisation"). Pursuant to the Reorganisation, the Company issued 13,333 shares of HK$0.01 each to the then shareholders of Universe Printshop Limited in consideration of acquiring their equity interests held in Universe Printshop Limited. The difference between the then shareholders' equity of Universe Printshop Limited over the par value of the shares issued by the Company was transferred to the capital reserve at the date of reorganisation.

(d) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group defines "capital" as total equity. The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group is not subject to externally imposed capital requirements in either the current or prior year.

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25 FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments at the end of the reporting periods are as follows:

	2020 HK$	2019 HK$
Financial assets		
Financial assets measured at amortised cost		
Trade and other receivables and deposits	7,640,811	13,527,412
Cash and cash equivalents	31,271,913	36,526,379
	38,912,724	50,053,791
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade and other payables and accruals	15,856,859	19,402,152
Obligations under finance leases	–	2,557,608
Lease liabilities	14,513,826	–
	30,370,685	21,959,760

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26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to bank deposits and trade and other receivables and deposits. The carrying amounts of bank deposits and trade and other receivables and deposits represent the Group's maximum exposure to credit risk in respect of these items. The Group has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Cash is deposited with financial institutions with sound credit ratings and the Group has exposure limit to any single financial institution. Given their high credit ratings, management consider it is remote that any of these financial institutions and counterparties will fail to meet their obligations.

In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 to 90 days from invoice date. Normally, the Group does not obtain collateral from customers.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The ECLs on trade receivables are estimated using a provision matrix by reference to ageing and past default experience of the debtor, current market condition in relation to each debtor's exposure and time value of money where appropriate. The ECLs also incorporate forward-looking information with reference to general macroeconomic conditions that may affect the ability of the debtors to settle receivables.

In the provision matrix, the ECL rates adopted to different age groups of the trade receivables which are subject to collectively assessment are as follow:

	Weighted average lifetime ECL rate	
	2020	2019
Not past due	0.01%	0.00%
Past due		
1-30 days	0.03%	0.03%
31-90 days	0.03%	0.03%
Over 90 days	7.36%	5.55%

ECLs rates are based on the past credit loss experience of the debtor. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the trade receivables.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 17.

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(a) Credit risk (Continued)

The Group has adopted general approach to measure ECLs on financial assets including other receivables, deposits and other financial assets at amortised costs as disclosed in note 4(g)(ii). Under the general approach, the Group applies the "3-stage" impairment model for ECLs measurement based on change in credit risk since initial recognition as follows:

Stage 1: If the credit risk of the financial instrument has not increased significantly since initial recognition, the financial instrument is included in Stage 1.

Stage 2: If the credit risk of the financial instrument has increased significantly since its initial recognition but is not deemed to be credit impaired, the financial instrument is included in Stage 2.

Stage 3: If the financial instrument is credit impaired, the financial instrument is included in Stage 3.

The ECLs for financial instruments in Stage 1 are measured at an amount equivalent to 12-month ECLs whereas the ECLs for financial instruments in Stage 2 or Stage 3 are measured at an amount equivalent to lifetime ECLs. When determining whether the risk of default has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit risk assessment and including forward-looking information. In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change in the debtors' ability to meet their debt obligations;
- actual or expected significant changes in the operating results of the debtors;
- significant changes in the expected performance and behaviour of the debtors, including changes in the payment status of debtors; and
- actual or expected significant adverse change in the regulatory, economic, or technological environment in which the debtors operate that results in a significant change in the debtors' ability to meet their debt obligations.

The Group presumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The credit risk of the Group's other receivables and deposits as at the end of the reporting period has not increased significantly since initial recognition and the amounts of ECLs were insignificant and no provision was made accordingly.

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(b) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and to ensure that it maintains sufficient reserves of cash and adequate committed funding lines from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group can be required to pay:

	2020					
	Carrying amount HK$	Total contractual undiscounted cash flow HK$	Within 12 months or on demand HK$	More than 1 year but less than 2 years HK$	More than 2 years but less than 5 years HK$	More than 5 years HK$
As at 31 March 2020						
Trade payables, and other payables and accruals	15,856,859	15,856,859	15,856,859	–	–	–
Lease liabilities	14,513,826	15,655,632	8,457,133	5,369,804	1,828,695	–
	30,370,685	31,512,491	24,313,992	5,369,804	1,828,695	–
As at 31 March 2019						
Trade payables, and other payables and accruals	19,402,152	19,402,152	19,402,152	–	–	–
Obligations under finance leases	2,557,608	2,822,242	1,377,920	1,201,998	242,324	–
	21,959,760	22,224,394	20,780,072	1,201,998	242,324	–

(c) Interest rate risk

The Group's has no significant exposure to interest rate risk as substantially all of the Group's borrowings are fixed rate borrowings.

(d) Foreign currency risk

The Group has no significant exposure to foreign currency risk as substantially all of the Group's transactions are denominated in Hong Kong dollars.

(e) Fair values measurement

The carrying amounts of the Group's financial assets and liabilities carried at amortised cost are not materially different from their fair values as at the end of the reporting period.

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27 COMMITMENTS

(a) Capital commitments

Capital commitments outstanding at 31 March 2020 not provided for in the financial statements were as follows:

	2020 HK$	2019 HK$
Contracted for	4,343,000	2,544,630

As at 31 March 2020, the Group is committed to certain contracts for the acquisition of plant and machinery and intangible assets.

(b) Operating lease commitments

The Group is the lessee in respect of a number of properties under leases which were previously classified as operating leases under HKAS 17. The Group has applied HKFRS 16 on 1 April 2019 and recognised lease liabilities relating to these leases in the consolidated statement of financial position in accordance with the policies set out in note 4(f). Details of the Group's future lease payments as at 31 March 2020 are set out in note 21(a).

At 31 March 2019, the Group's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2019 HK$
Within one year	8,232,924
After one year but within five years	2,003,863
Total	10,236,787

The leases typically run for an initial period of one to three years, with an option to renew the lease when all terms are renegotiated. Certain leases contain an option to early terminate the leases by giving notice to the landlord. At inception of the leases, the Group has no intention to early terminate these leases and thus the commitments disclosed in the table above has assumed the early termination option would not be exercised. None of the leases includes contingent rentals.

For the year ended 31 March 2020 (Expressed in Hong Kong dollars unless otherwise indicated)

28 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 disclosed in note 10.

(b) Transactions with related parties

	2020 HK$	2019 HK$
Rental expenses paid/payable to the following related companies which are controlled by the same controlling shareholder:		
– Universe Printing Company Limited	2,880,000	2,880,000
– Universe Samfine Limited	432,000	108,000
Purchase of motor vehicles from the following related company which is controlled by the same controlling shareholder:		
– Universe Printing Company Limited	–	295,587
Salaries and retirement scheme contribution paid to:		
– Ms. NG Lai Nga, spouse of a director	295,000	–
– Ms. SIU Man Yam, spouse of a director	96,000	–

29 EVENTS AFTER THE REPORTING PERIOD

The outbreak of Novel Coronavirus ("COVID-19") has impact on the global business environment since the beginning of 2020. COVID-19 has resulted in material impacts to the Group mainly from significant decrease in sales orders during the year. Management expects that the financial performance of the Group in 2021 might still be affected to a certain extent, which will depend on the new development concerning the global severity of and actions taken to contain the COVID-19 outbreaks that are highly uncertain. The Group will continue to pay close attention to the development of the COVID-19 outbreaks and evaluate its impact on the consolidated financial statements and operation results.

For the year ended 31 March 2020 (Expressed in Hong Kong dollars unless otherwise indicated)

30 STATEMENT OF FINANCIAL POSITION OF HOLDING COMPANY

	Notes	2020 HK$	2019 HK$
ASSETS AND LIABILITIES			
Non-current assets			
Investment in a subsidiary	15	133	133
Current assets			
Other receivables		197,773	207,011
Amount due from a subsidiary		40,043,761	40,200,000
Cash and cash equivalents		117,611	118,811
		40,359,145	40,525,822
Current liabilities			
Accruals		268,000	150,000
Amounts due to subsidiaries		18,729,502	16,742,189
		18,997,502	16,892,189
Net current assets		21,361,643	23,633,633
Net assets		21,361,776	23,633,766
CAPITAL AND RESERVES			
Share capital	24(a)	9,000,000	9,000,000
Share premium	24(a)	29,644,379	29,644,379
Accumulated losses	24(a)	(17,282,603)	(15,010,613)
Total equity		21,361,776	23,633,766

Approved and authorised for issue by the board of directors on 24 June 2020.

CHAU Man Keung
Director

HSU Ching Loi
Director

Financial Summary

A summary of the results and of the assets, liabilities and equity of the Group for the last five financial years, as extracted from the audited financial statements in this annual report and prior year financial statements are as follows:

	Year ended 31 March				
	2020 HK$'000	2019 HK$'000	2018 HK$'000	2017 HK$'000	2016 HK$'000
Revenue	133,428	152,725	142,583	133,869	124,048
Gross profit	25,069	28,335	35,157	31,350	30,408
(Loss)/profit and total comprehensive income for the year	(15,511)	(5,335)	(9,154)	3,391	5,267

	As at 31 March				
	2020 HK$'000	2019 HK$'000	2018 HK$'000	2017 HK$'000	2016 HK$'000
Non-current assets	27,280	24,003	12,660	16,607	20,364
Current assets	43,980	55,239	87,818	42,677	24,206
Total assets	71,260	79,242	100,478	59,284	44,570
Current liabilities	27,320	25,167	39,450	26,901	35,938
Non-current liabilities	7,135	1,759	3,376	4,222	3,861
Total liabilities	34,455	26,926	42,826	31,123	39,799
Total equity	36,805	52,316	57,652	28,161	4,771