



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

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

Interim Report 2020



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The report, for which the directors (the “Directors”) of Universe Printshop Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or the Report misleading.

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-Executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

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

Mr. Chau Man Keung
Mr. Chan Sun Kwong

AUTHORISED REPRESENTATIVE (FOR THE PURPOSE OF THE COMPANIES ORDINANCE)

Mr. Chau Man Keung

COMPANY SECRETARY

Mr. Chan Sun Kwong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS OF OUR GROUP AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL BANKER

Bank of China (Hong Kong) Limited

Corporate Information

AUDITOR

BDO Limited
Certified Public Accountants

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong

COMPANY'S WEBSITE

<http://www.uprintshop.hk/>

STOCK CODE

8448

Financial Highlights

The revenue of the Company and its subsidiaries (the “Group”) was approximately HK\$47.9 million for the six months ended 30 September 2020 (“1H 2020”), representing a decrease from approximately HK\$73.9 million for the six months ended 30 September 2019 (“1H 2019”). The decrease in revenue was caused by the decline in the demand for printing services. The demand for our printing service is highly reliant to the level of local business and market activities undertaken by our downstream customers, which is driven by market sentiment. The outbreak of the novel coronavirus pandemic since January 2020 have worsened the market sentiment in Hong Kong during 2020. As a result, the Group’s customers have reduced their respective marketing activities.

The gross profit of the Group decreased from HK\$15.1 million for 1H 2019 to HK\$9.3 million for 1H 2020, which was in tandem with the decline in revenue and cost of sales. The gross profit margin decreased from 20.5% to 19.5% mainly due to the increase in per unit fixed cost as a result of the decrease in production volume.

The profit attributable to owners of our Company was approximately HK\$10,000 in 1H 2020 as compared to a profit of HK\$0.6 million recorded in 1H 2019. Excluding the impact of one-off items in the respective financial periods, there was a net operating loss of approximately HK\$6.7 million recorded in 1H 2020 as compared to HK\$2.7 million in 1H 2019. The one-off items in 1H 2020 included a gain on disposal of right-of-use assets of approximately HK\$0.9 million (1H 2019: nil), a gain on disposal of property, plant and equipment of approximately HK\$4,800 (1H 2019: HK\$3.2 million) and government subsidies of approximately HK\$5.8 million (1H 2019: nil). 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. The Group will continue to streamline processes to control costs and drive efficiency to maintain our profitability and competitiveness in the market.

The board of Directors (the “Board”) does not recommend the payment of an interim dividend for 1H 2020 (1H 2019: nil).

Management Discussion and Analysis

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\$47.9 million for 1H 2020, representing a decrease of approximately 35.2% as compared to the revenue of approximately HK\$73.9 million for 1H 2019. The loss attributable to owners of our Company was approximately HK\$10,000 in 1H 2020 as compared to a profit of HK\$0.6 million recorded in 1H 2019. Excluding the impact of one-off items in the respective financial periods, there was a net operating loss of approximately HK\$6.7 million recorded in 1H 2020 as compared to HK\$2.7 million in 1H 2019. The one-off items in 1H 2020 includes a gain on disposal of right-of-use assets of approximately HK\$0.9 million (1H 2019: nil), a gain on disposal of property, plant and equipment of approximately HK\$4,800 (1H 2019: HK\$3.2 million) and government subsidies of approximately HK\$5.8 million (1H 2019: nil). The impact of the outbreak of the 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. The Group will continue to streamline processes 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. In 1H 2020, the Group purchased printing-related machines of approximately HK\$2.0 million to achieve subcontracting 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.

FINANCIAL REVIEW

Revenue

The total revenue of the Group for 1H 2020 decreased by HK\$26.0 million or 35.2% to HK\$47.9 million as compared to HK\$73.9 million for 1H 2019. The decrease in revenue was caused by the decline in the demand for printing services. The demand for our printing service is highly reliant to the level of local business and market activities undertaken by our downstream customers, which is driven by market sentiment. These activities however reduced significantly due to the prolonged COVID-19 pandemic broken out since January 2020.

Management Discussion and Analysis

Costs of sales

The cost of sales primarily consists of raw material cost, sub-contracting fee, manufacturing overhead and staff costs. The total cost of sales decreased from HK\$58.7 million in 1H 2019 to HK\$38.5 million in 1H 2020 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\$15.1 million for 1H 2019 to HK\$9.3 million for 1H 2020, which was in tandem with the decline in revenue and cost of sales. The gross profit margin decreased from 20.5% to 19.5% mainly due to the increase in per unit fixed cost as a result of the decrease in production volume.

Other income

Other income in 1H 2020 mainly represent the government subsidies of approximately HK\$5.8 million (1H 2019: nil) granted under the employment support scheme and the retail sector subsidy scheme in response to the COVID-19 pandemic.

Other gains or losses

Other gains or losses in 1H 2020 mainly represent gain on disposal of right-of-use assets amounting to approximately HK\$0.9 million (1H 2019: nil), while the other gains in 1H 2019 of approximately HK\$3.2 million mainly represent gain on disposal of property, plant and equipment.

Selling and administrative expenses

Selling and administrative expenses primarily comprise staff costs (including directors' remuneration), depreciation, legal and professional fee, IT development fee, auditors' remuneration, marketing and entertainment, repair and maintenance, consultancy fee, utilities expenses, bank charges and other miscellaneous administrative expenses. The selling and administrative expenses amounted to HK\$15.6 million in 1H 2020, which represented a decrease of HK\$2.5 million as compared to HK\$18.1 million in 1H 2019. The decrease in selling and administrative expenses was mainly attributable to (i) decrease in depreciation due to the impairment losses made on the carrying amounts of certain assets of the Group; and (ii) a temporary reduction of salaries for two months from April to May 2020 as one of the major cost saving measures in light of the COVID-19 pandemic.

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

The loss attributable to owners of our Company was approximately HK\$10,000 in 1H 2020 as compared to a profit of HK\$0.6 million recorded in 1H 2019. Excluding the impact of one-off items in the respective financial periods, there was a net operating loss of approximately HK\$6.7 million recorded in 1H 2020 as compared to HK\$2.7 million in 1H 2019. The one-off items in 1H 2020 included a gain on disposal of right-of-use assets of approximately HK\$0.9 million (1H 2019: nil), a gain on disposal of property, plant and equipment of approximately HK\$4,800 (1H 2019: HK\$3.2 million) and government subsidies of approximately HK\$5.8 million (1H 2019: nil).

The economic downturn as a result of the prolonged COVID-19 pandemic had adversely affected our results of operations. It further imposed uncertainties towards future economic prospects from local to the global. The Board expects such negative impact to persist in near term which would continue to affect our financial performance. Notwithstanding this, the Group will continue to take actions to control costs and drive efficiency to maintain our profitability and competitiveness in the market.

Management Discussion and Analysis

Right-of-use assets

Our right-of-use assets, which arise from our lease of office/retail stores and printing machines, increased by HK\$2.6 million from HK\$8.3 million as at 31 March 2020 to HK\$11.0 million as at 30 September 2020, was primarily due to additions of new leases of HK\$6.0 million, partially offset by amortisation charge of HK\$4.4 million.

Contract liabilities

The significant increase in contract liabilities from HK\$1.6 million for 1H 2019 to HK\$2.5 million for 1H 2020, was mainly due to the advances received from customers for new contracts obtained. During 1H 2020, the Group puts effort to get some new corporate customers in the market, while sales deposits were received from customers to mitigate the credit risks.

Liquidity, financial resources and capital structure

As at 30 September 2020, the Group had net current assets of HK\$13.5 million (31 March 2020: HK\$16.7 million). The Group's current ratio is 1.49 (31 March 2020: 1.61).

Total lease liabilities for the Group amounted to HK\$15.2 million as at 30 September 2020 (31 March 2020: HK\$14.5 million). The gearing ratio as at 30 September 2020 was 0.41 (31 March 2020: 0.39) which is calculated on the basis of the Group's total lease liabilities over the total equity. As at 30 September 2020, lease liabilities in the amounts of HK\$7.3 million was due within one year, while the amounts of HK\$7.9 million was due after one year. There was no change in the capital structure of the Group for 1H 2020.

EMPLOYEES AND EMOLUMENT POLICIES

As at 30 September 2020, the Group employed 125 (30 September 2019: 136) full time employees in Hong Kong. The staff costs of the Group, including directors' emoluments, employees' salaries, retirement benefits schemes contributions and other benefits amounted to HK\$14.1 million (1H 2019: HK\$16.2 million). Employees are remunerated in accordance with individual's responsibility and performance, also taking into account the prevailing market rates to ensure competitiveness. Other fringe benefits such as retirement benefits and discretionary bonus are offered to all employees. Training is also provided on a continuing basis to our existing employees on areas such as operation of our machinery, work safety, fire safety and quality control.

DIVIDENDS

The Board does not recommend the payment of an interim dividend for 1H 2020 (1H 2019: nil).

CAPITAL COMMITMENTS

As at 30 September 2020, the Group had capital commitments of HK\$0.1 million for acquisition of accounting software. As at 31 March 2020, the Group had capital commitments representing acquisition of printing system and accounting software but not provided for of HK\$4.3 million.

Management Discussion and Analysis

SIGNIFICANT INVESTMENTS

There was no significant investments held as at 30 September 2020.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisition or disposal of associates, joint ventures or subsidiaries during 1H 2020.

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 the COVID-19 has impact on the global business environment since the beginning of 2020. It further imposed uncertainties towards future economic prospects from local to the global. COVID-19 has resulted in material impacts to the Group mainly from significant decrease in sales orders during the period.

The Board expects such negative impact to persist in near term which would continue to affect our financial performance. Notwithstanding this, the Group will continue to take actions to control costs and drive efficiency to maintain our profitability and competitiveness in the market.

Management Discussion and Analysis

The business is subject to fluctuation of purchase costs for raw materials and staff costs

The profitability of the Group depends on the control of cost of production and ability to anticipate and respond to fluctuations in purchase costs of raw materials. The availability and costs of our principal raw materials may change due to factors beyond our control such as policies of the government, economic conditions and market competition. In addition, as the labour costs in Hong Kong continue to increase in recent years, the salary level of employees has generally increased as well. The operation and financial performances may be adversely affected if there is any significant increase in staff costs.

Rely on sub-contractors who are printing service providers and their failure to meet our requirements may materially and adversely affect our business and reputation

The Group sub-contracts certain production procedures and printing services to sub-contractors who are printing service providers. It cannot be assured that the management can monitor the performance of the sub-contractors as directly and effectively as monitoring the staff members of the Group. In case the sub-contractors fail to meet the deadlines or required standards, the business and reputation of the Group may be adversely affected.

In addition, if the sub-contractors are in breach of any laws, rules or regulations in matters such as health and safety, environment and employment, they may be subject to prosecution and unable to perform the work of the Group. The Group may then have to locate and appoint another sub-contractor for replacement at additional cost, which lowers the profit margin of the Group.

Possible shortage in supply of our raw materials

To deliver printing services with fast turnaround time and meet the expectation of customers, the Group has to be able to procure raw materials in a timely manner. The Group did not enter into any long-term contract with the suppliers. There is no assurance that the Group will continue to be able to secure a stable supply of raw materials at competitive prices in a timely manner or at all. Failure to do so will cause disruption in production or delayed delivery, thereby adversely affecting the Group's business, results of operation and reputation.

CHARGE ON ASSETS

As at 30 September 2020 and 31 March 2020, certain right-of-use assets (previously presented as property, plant and equipment) of the Group with a carrying value of HK\$3.4 million and HK\$87,994 respectively, were held under leases.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 September 2020.

Management Discussion and Analysis

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The following is a comparison of the Group's business plan as set out in the prospectus of the Company dated 13 March 2018 (the "Prospectus"), with actual business progress up to 30 September 2020.

Business plan as set in the Prospectus	Progress up to 30 September 2020
Purchase of a five-colour offset press	<p>As disclosed in the announcement of the Company dated 18 October 2018 (the "First Change in UOP 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 Change in UOP Announcement.</p> <p>The set up of the six-colour offset press was completed in May 2019.</p>
Purchase of a hybrid printer	<p>As disclosed in the announcement of the Company dated 23 March 2020 (the "Second Change in UOP 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 Change in UOP Announcement.</p>
Expansion of our store network	<p>As disclosed in the Second Change in UOP 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 Change in UOP Announcement.</p>
Lease of four digital printers	<p>As disclosed in the Second Change in UOP Announcement, the Group entered into a finance lease agreement for the lease of four digital printers at a total lease payment of HK\$5.0 million.</p> <p>The set up of the digital printers was completed in June 2020.</p>
Purchase of printing related machines	<p>As at 30 September 2020, the Group acquired printing related machines from an independent third party of approximately HK\$2.0 million.</p>
Upgrade information technology systems	<p>The set up of the Company's website and mobile application was completed in March 2020.</p>

Management Discussion and Analysis

USE OF PROCEEDS

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

Details of the revised allocation of the First Change in UOP Announcement 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

Management Discussion and Analysis

As disclosed in the Second Change in UOP Announcement, the Board resolved to have a second change with respect to the use of net proceeds. Details of the Second Change in UOP Announcement up to 30 September 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 30 September 2020 HK\$ million (approximately)	Unutilized net proceeds up to 30 September 2020 HK\$ million (approximately)	Expected timeline of full utilisation of the balance
Purchase of a six-colour offset press	10.7	10.7	–	–
Lease of four digital printers	5.0	0.5	4.5	End of 2025
Purchase of printing related machines	5.0	2.0	3.0	End of 2022
Working capital	2.4	2.4	–	–
Upgrade information technology systems	0.9	0.9	–	–
Total	24.0	16.5	7.5	–

As disclosed in the Second Change in UOP Announcement, the Group entered into a finance lease agreement with an independent third party, being the manufacturer of printer and copier, for the lease of four new digital printers at the total lease payment of HK\$5,040,000, of which HK\$5.0 million will be funded by the net proceeds, for a lease term of 60 months. For details, please refer to the Second Change in UOP Announcement. Total lease payment of HK\$0.5 million has been paid out of the net proceeds up to 30 September 2020.

Management Discussion and Analysis

Also as disclosed in the Second Change in UOP Announcement, the Company was in negotiation to purchase approximately HK\$1.9 million of printing related machines from an independent third party supplier; the purchases were subsequently concluded in April and July 2020. Management will periodically assess the needs to replace or acquire additional production machinery and equipment according to the Group's business strategy and operational requirement. It is currently expected that the remaining HK\$3.0 million net proceeds will be fully utilised for purchase of printing related machines by the end of year 2022.

The remaining unused net proceeds as at 30 September 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 30 September 2020, save for as disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus, the First Change in UOP Announcement and the Second Change in UOP Announcement, the Group did not have any plans for material investments and capital assets.

EVENTS AFTER THE REPORTING PERIOD

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

Other Information

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

As at 30 September 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 30 September 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.

Other Information

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

So far as the Directors are aware of, as at 30 September 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 30 September 2020

Name of Shareholders	Capacity	Number of shares held/ interested	Percentage of the issued share capital of the Company (approximate)
Ms. Siu Man Yam (Note 1)	Interest of spouse	280,400,000	31.16%
Ms. Ng Lai Nga (Note 2)	Interest of spouse	110,500,000	12.28%
Mr. Chia Kar Hin Eric John (Note 3)	Beneficial Owner	110,000,000	12.22%
Ms. Wan Wai Ching Lilian (Note 3)	Interest of spouse	110,000,000	12.22%
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. 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.
3. 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.
4. Ms. Mok is the spouse of Mr. Leung Yuet Cheong, an executive Director. By virtue of the SFO, Ms. Mok is deemed to be interested in all the Shares in which Mr. Leung is interested or deemed to be interested under the SFO.

Save as disclosed above and so far as is known to the Directors, immediate following the Listing, the Directors were not aware of any other persons who had or deemed or taken to have any interests or short positions in the shares or underlying shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register of the Company required to be kept under section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the issued voting shares of the Company.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “Share Option Scheme”) on 26 February 2018 and no options have been granted, exercised, lapsed or cancelled since then and up to the date of this report.

The Share Option Scheme shall be valid and effective for a period of 10 years from the adoption date, after which no further options may be issued. A summary of the principal terms of the Share Option scheme is set out in Appendix IV to the Prospectus.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance in emphasising a quality board of directors, sound internal control, transparency and accountability with a view to safeguard the interests of all the Shareholders. The Board has adopted the principles and the code provisions of Corporate Governance Code (the “CG Code”) contained in Appendix 15 to the GEM Listing Rules. During the six months ended 30 September 2020, the Company has complied with all the code provisions of the CG Code as set out in Appendix 15 to the GEM Listing Rules.

CODE OF CONDUCT FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings concerning securities transactions by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “Model Code”) as its own code governing securities transactions of the Directors. Having made specific enquiry of all the Directors, all of them confirmed that they had fully complied with the required standard of dealings as set out in the Model Code during the six months ended 30 September 2020.

Pursuant to Rule 5.66 of the Model Code, the Directors have also requested any employee of the Company or director or employee of a subsidiary of the Company who, because of his office or employment in the Company or a subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in securities of the Company when he would be prohibited from dealing by the Model Code as if he were a Director.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 September 2020.

COMPETING BUSINESS

For the six months ended 30 September 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.

AUDIT COMMITTEE AND REVIEW OF UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Company established an audit committee (“Audit Committee”) with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and paragraph C.3 of the CG Code as set out in Appendix 15 to the GEM Listing Rules. The Audit Committee comprises three independent non-executive Directors, namely Mr. Chan Chun Kit (“Mr. Chan”), Dr. Sun Yongjing and Mr. Wan Aaron Chi Keung, *BBS, JP*. Mr. Chan is the chairman of the Audit Committee. The primary duties of the Audit Committee include reviewing and supervising the Group’s financial reporting system, monitoring the internal control procedures and risk management, reviewing the Group’s financial information and the relationship with the external auditor of the Company, ensuring compliance with the relevant laws and regulations. In addition, the Audit Committee is responsible for the initial establishment and the maintenance of a framework of internal controls and ethical standards for the Group’s management.

The unaudited condensed consolidated financial statements have not been audited. The Audit Committee has reviewed with the management of the Group the unaudited condensed consolidated financial statements, the interim report, the accounting principles and policies adopted by the Group, and other financial reporting matters. The Audit Committee is satisfied that the unaudited condensed consolidated financial statements complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

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

Hong Kong, 12 November 2020

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

Interim Results

The Board of the Company is pleased to present the unaudited condensed consolidated results of the Group for the six months ended 30 September 2020 together with the unaudited comparative figures for the corresponding periods in 2019 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2020

	Note	Unaudited Six months ended 30 September 2020 HK\$	2019 HK\$
Revenue	3	47,866,431	73,857,287
Cost of sales		(38,519,800)	(58,732,033)
Gross profit		9,346,631	15,125,254
Other income		6,200,030	752,400
Other gains or losses		919,477	3,243,746
Selling and administrative expenses		(15,576,775)	(18,052,491)
Profit from operations		889,363	1,068,909
Finance costs		(455,681)	(364,916)
Profit before taxation		433,682	703,993
Income tax expense	4	(443,628)	(151,481)
(Loss)/Profit and total comprehensive income for the period attributable to owners of the Company		(9,946)	552,512
		HK cents	HK cents
(Loss)/Earnings per share			
Basic and diluted	5	(0.00)	0.06

Unaudited Condensed Consolidated Statement of Financial Position

As at 30 September 2020

	Note	Unaudited 30 September 2020 HK\$	Audited 31 March 2020 HK\$
ASSETS AND LIABILITIES			
Non-current asset			
Property, plant and equipment	7	18,612,530	16,554,885
Right-of-use assets		10,976,309	8,347,746
Intangible assets		162,098	177,704
Deposits for acquisition of non-current assets		208,500	208,500
Deposits for other non-current assets		1,807,836	1,753,436
Deferred tax assets		244,376	237,413
		32,011,649	27,279,684
Current assets			
Inventories		3,613,474	3,056,934
Trade and other receivables, prepayments and deposits	8	8,604,990	8,982,069
Prepaid tax		669,316	669,316
Cash and cash equivalents		28,249,154	31,271,913
		41,136,934	43,980,232
Current liabilities			
Trade and other payables	9	17,625,956	17,783,794
Contract liabilities		2,532,875	1,570,120
Lease liabilities		7,265,195	7,765,701
Provision for reinstatement cost		200,000	200,000
		27,624,026	27,319,615
Net current assets		13,512,908	16,660,617
Total assets less current liabilities		45,524,557	43,940,301

Unaudited Condensed Consolidated Statement of Financial Position

As at 30 September 2020

	Note	Unaudited 30 September 2020 HK\$	Audited 31 March 2020 HK\$
Non-current liabilities			
Lease liabilities		7,891,736	6,748,125
Deferred tax liabilities		837,697	387,106
		8,729,433	7,135,231
Net assets			
		36,795,124	36,805,070
CAPITAL AND RESERVES			
Share capital	11	9,000,000	9,000,000
Reserves		27,795,124	27,805,070
Total equity		36,795,124	36,805,070

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2020

	Share capital HK\$	Share premium HK\$	Capital reserve HK\$	Accumulated losses HK\$	Total HK\$
At 1 April 2019 (audited)	9,000,000	29,644,379	20,077,867	(6,405,984)	52,316,262
Profit and total comprehensive income for the period	—	—	—	552,512	552,512
At 30 September 2019 (unaudited)	9,000,000	29,644,379	20,077,867	(5,853,472)	52,868,774
At 1 April 2020 (audited)	9,000,000	29,644,379	20,077,867	(21,917,176)	36,805,070
Loss and total comprehensive income for the period	—	—	—	(9,946)	(9,946)
At 30 September 2020 (unaudited)	9,000,000	29,644,379	20,077,867	(21,927,122)	36,795,124

Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2020

	Unaudited Six months ended 30 September	
	2020	2019
	HK\$	HK\$
Operating activities		
Cash generated from operations	5,077,998	6,154,616
Tax paid	–	(229,037)
Net cash generated from operating activities	5,077,998	5,925,579
Investing activities		
Payment for the purchase of property, plant and equipment	(3,356,940)	(2,255,007)
Payment for the purchases of intangible assets	(25,800)	–
Proceeds from the sales of property, plant and equipment	4,800	3,329,526
Interest received	135,972	179,798
Net cash (used in)/generated from investing activities	(3,241,968)	1,254,317
Financing activities		
Payment of lease liabilities	(4,403,108)	(4,865,964)
Interest paid	(455,681)	(364,916)
Net cash used in financing activities	(4,858,789)	(5,230,880)
Net (decrease)/increase in cash and cash equivalents	(3,022,759)	1,949,016
Cash and cash equivalents at the beginning of the period	31,271,913	36,526,378
Cash and cash equivalents at the end of the period	28,249,154	38,475,394

Notes to the Unaudited Condensed Consolidated Financial Statements

1 GENERAL INFORMATION

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

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

The unaudited condensed consolidated financial information of the Group for the six months ended 30 September 2020 which has not been audited but has been reviewed by the audit committee of the Company. The unaudited condensed consolidated financial information was approved for issue by the Board of directors on 12 November 2020.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basic of preparation and presentation

The unaudited condensed consolidated financial statements for the six months ended 30 September 2020 have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules and the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The unaudited condensed consolidated financial statements should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2020.

The accounting policies adopted in the preparation of the unaudited condensed consolidated financial statements are same as those applied in the preparation of the Group's annual financial statements for the year ended 31 March 2020 (the "2020 Annual Financial Statements"), except for the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") and interpretations issued by HKICPA that are first effective for the current accounting period of the Company. There has been no significant change to the accounting policy applied in these unaudited condensed consolidated financial statements for the period presented as a result of adoption of these amendments.

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

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

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are the provision of general printing services and trading of printing products. The amount of each significant category of revenue is as follows:

	Unaudited Six months ended 30 September	
	2020	2019
	HK\$	HK\$
Revenue from contracts with customers within the scope of HKFRS 15		
Timing of revenue recognition – At a point in time		
– Offset printing	36,102,456	56,093,015
– Toner-based digital printing	3,347,688	4,750,996
– Ink-jet printing	6,636,775	10,276,572
– Other services	1,779,512	2,736,704
	47,866,431	73,857,287

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

(b) Segment reporting

Segment information represents those information reported to the Group's senior executive management who are the chief operating decision makers for the purposes of resources allocation and assessment of performance. In the past, provision of offset printing services, provision of toner-based digital printing services, provision of ink-jet printing services and provision of other services were separately identified as reportable segments. Starting from the current period, the Group is managed based on the financial information of the Group as a whole as reported under HKFRS. Such information does not contain profit or loss information of particular product or service line or geographical area. The Group's senior executive management allocate resources and assess performance of the Group on an aggregated basis based on such information. Therefore, the Group's senior executive management have determined that starting from the current period, the Group has only one single reportable segment which is provision of printing services and trading of printing products.

The Group's revenue is solely derived from external customers based in Hong Kong, which is the location at which products are delivered, and the Group's non-current assets excluding deferred tax assets are located in Hong Kong.

Notes to the Unaudited Condensed Consolidated Financial Statements

4 INCOME TAX EXPENSE

	Unaudited Six months ended 30 September	
	2020 HK\$	2019 HK\$
Current tax		
Provision for Hong Kong Profits Tax for the period	–	20,623
Deferred tax		
Charged to profit or loss	443,628	130,858
	<hr/>	<hr/>
	443,628	151,481

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

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

5 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic loss/earnings per share was based on the loss attributable to ordinary equity shareholders of the Company of HK\$9,946 (30 September 2019: profit of HK\$552,512) and the weighted average of 900,000,000 ordinary shares (30 September 2019: 900,000,000 ordinary shares) in issue during the period.

The weighted average number of ordinary shares in issue during the six months ended 30 September 2020 and 2019 have been retrospectively adjusted for the effect of the capitalisation issue pursuant to the Reorganisation as stated in the Prospectus.

(b) Diluted (loss)/earnings per share

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

Notes to the Unaudited Condensed Consolidated Financial Statements

6 DIVIDEND

The board does not recommend the payment of dividend of the six months ended 30 September 2020 (30 September 2019: nil).

7 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2020, the Group acquired property, plant and equipment of HK\$3,356,940 (30 September 2019: HK\$2,353,007).

8 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	Unaudited At 30 September 2020 HK\$	Audited At 31 March 2020 HK\$
Trade receivables	7,494,518	7,658,664
Less: Impairment loss allowance	(753,409)	(635,710)
	6,741,109	7,022,954
Other receivables, prepayments and deposits	1,863,881	1,959,115
	8,604,990	8,982,069

Ageing analysis

At 30 September 2020 and 31 March 2020, the ageing analysis of trade receivables, based on invoice date and net of allowance for doubtful debts, is as follows:

	Unaudited At 30 September 2020 HK\$	Audited At 31 March 2020 HK\$
Within 1 month	3,190,219	2,728,247
1 to 2 months	1,412,531	1,348,312
2 to 3 months	912,017	886,624
Over 3 months	1,226,342	2,059,771
	6,741,109	7,022,954

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

Notes to the Unaudited Condensed Consolidated Financial Statements

9 TRADE AND OTHER PAYABLES

	Unaudited At 30 September 2020 HK\$	Audited At 31 March 2020 HK\$
Trade payables	11,689,530	11,946,253
Accruals	3,103,352	3,201,632
Other payables	1,621,138	708,974
Provision for long service payments	1,211,936	1,926,935
	17,625,956	17,783,794

At 30 September 2020 and 31 March 2020, the ageing analysis of trade payables based on the invoice date is as follows:

	Unaudited At 30 September 2020 HK\$	Audited At 31 March 2020 HK\$
Within 1 month	8,802,283	7,035,440
1 to 2 months	156,373	3,596,342
2 to 3 months	1,559,712	82,364
Over 3 months	1,171,162	1,232,107
	11,689,530	11,946,253

10 SHARE CAPITAL

	Par value HK\$	Number of shares	Amount HK\$
Authorised:			
At 31 March 2020 and 30 September 2020	0.01	2,000,000,000	20,000,000
Issued and fully paid:			
At 31 March 2020 and 30 September 2020	0.01	900,000,000	9,000,000

11 MATERIAL RELATED PARTY TRANSACTIONS

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

(a) Key management personnel remuneration

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

	Unaudited Six months ended 30 September	
	2020 HK\$	2019 HK\$
Directors' fee	208,800	216,000
Salaries, allowances and benefits in kind	1,629,800	1,651,000
Discretionary bonuses	—	—
Retirement scheme contributions	36,000	36,000
	<u>1,874,600</u>	<u>1,903,000</u>

(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	1,548,000	1,440,000
– Universe Samfine Limited	228,000	216,000
	<u>1,776,000</u>	<u>1,656,000</u>
Salaries and retirement scheme contribution paid to:		
– Ms. NG Lai Nga, spouse of a director	140,500	145,000
– Ms. SIU Man Yam, spouse of a director	46,400	48,000
	<u>186,900</u>	<u>193,000</u>