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UNIVERSE PRINTSHOP HOLDINGS LIMITED

環球印館控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8448)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2022

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

This announcement, 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 this announcement 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 this announcement misleading.

FINANCIAL HIGHLIGHTS

- The Group's total revenue amounted to approximately HK\$113.7 million for the year ended 31 March 2022, representing an increase of 10.2% as compared to that for the year ended 31 March 2021.
- The Group recorded a net loss of approximately HK\$4.4 million in FY2022 as compared to approximately HK\$12.5 million recorded in FY2021. Excluding the impact of one-off items in the respective financial periods, there was a net operating loss of approximately HK\$4.6 million recorded in FY2022 as compared to approximately HK\$9.4 million in FY2021. The one-off items in FY2021 included a gain on modification of leases for retail shops and machineries of approximately HK\$0.9 million (FY2022: HK\$0.2 million), a gain on disposal of property, plant and equipment of approximately HK\$4,800 (FY2022: nil), government subsidies of approximately HK\$7.8 million (FY2022: nil) and impairment loss on property, plant and equipment and right-of-use assets of approximately HK\$11.8 million (FY2022: nil).
- The Board does not recommend the payment of final dividend for the year ended 31 March 2022.

ANNUAL RESULTS

The board of Directors (the “Board”) is pleased to announce the annual results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2022 together with the comparative figures for the year ended 31 March 2021. The financial information has been approved by the Board.

The annual results set out in this announcement do not constitute the Group’s financial statements for the year ended 31 March 2022 but are extracted from those financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2022

	<i>Note</i>	2022 <i>HK\$</i>	2021 <i>HK\$</i>
Revenue	4	113,651,958	103,132,516
Cost of sales		<u>(89,255,875)</u>	<u>(82,834,952)</u>
Gross profit		24,396,083	20,297,564
Other income	5	1,232,745	8,778,429
Other gains	5	229,155	919,523
Selling and administrative expenses		(28,814,535)	(30,701,809)
Impairment loss on property, plant and equipment and right-of-use assets		<u>–</u>	<u>(11,833,694)</u>
Loss from operations		(2,956,552)	(12,539,987)
Finance cost	6(a)	<u>(702,584)</u>	<u>(942,792)</u>
Loss before taxation	6	(3,659,136)	(13,482,779)
Income tax (expense)/credit	7	<u>(787,629)</u>	<u>946,463</u>
Loss and total comprehensive income for the year attributable to owners of the Company		<u>(4,446,765)</u>	<u>(12,536,316)</u>
		<i>HK cents</i>	<i>HK cents</i>
Loss per share	8		
Basic and diluted		<u>(0.49)</u>	<u>(1.39)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	<i>Note</i>	2022 <i>HK\$</i>	2021 <i>HK\$</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		8,978,774	8,862,198
Right-of-use assets		9,305,903	7,379,343
Intangible assets		36,643	120,771
Deposits paid		1,575,832	1,673,436
Deferred tax assets		229,773	804,220
		20,126,925	18,839,968
Current assets			
Inventories		2,814,087	2,680,541
Trade and other receivables, prepayments and deposits	<i>10</i>	6,494,995	8,812,267
Prepaid tax		809,209	661,963
Cash and cash equivalents		19,112,762	23,645,769
		29,231,053	35,800,540
Current liabilities			
Trade and other payables and accruals	<i>11</i>	15,748,679	14,911,848
Contract liabilities		1,727,655	2,037,522
Lease liabilities		7,448,348	7,859,263
Provision for reinstatement costs		140,000	150,000
		25,064,682	24,958,633
Net current assets		4,166,371	10,841,907
Total assets less current liabilities		24,293,296	29,681,875

	2022	2021
	<i>HK\$</i>	<i>HK\$</i>
Non-current liabilities		
Lease liabilities	4,238,027	5,413,024
Deferred tax liabilities	233,280	97
	<u>4,471,307</u>	<u>5,413,121</u>
Net assets	<u>19,821,989</u>	<u>24,268,754</u>
CAPITAL AND RESERVES		
Share capital	9,000,000	9,000,000
Reserves	10,821,989	15,268,754
Total equity	<u>19,821,989</u>	<u>24,268,754</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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.

On 4 April 2022, New Metro Inc., a company incorporated in the British Virgin Islands with limited liability, which is wholly owned by Mr. Lam Shing Tai (“Mr. Lam”), entered into a sale and purchase agreement (the “Sale and Purchase Agreement”) with certain shareholders (the “Selling Shareholders”) of the Company including Mr. Chau Man Keung (“Mr. Chau”), an executive director of the Company, Mr. Leung Yuet Cheong, an executive director of the Company and Mr. Wong Man Hin Joe, an executive director of the Company. Pursuant to the Sale and Purchase Agreement, New Metro Inc. conditionally agreed to acquire an aggregate of 354,354,000 shares of the Company from those Selling Shareholders, representing approximately 39.37% of the total issued share capital of the Company as at the date of entering into the Sale and Purchase Agreement. Completion of the Sale and Purchase Agreement took place on 4 April 2022 (the “Completion”). After the Completion, Mr. Chau continues to hold 41,366,000 shares, approximately 4.6% of the total number of issued shares of the Company. On the same day, New Metro Inc., Mr. Lam, Mr. Chau, and Mr. Hsu Ching Loi, an executive director of the Company, entered into the Deed of Acting in Concert Undertaking (the “Deed”), pursuant to which the parties to the Deed have agreed to consolidate their respective interests, representing approximately 56.25% of the entire issued shares of the Company, and control directly and/or indirectly in the Company and to vote on any resolution to be passed at any shareholders’ meeting of the Company in an unanimous manner. The Deed took effect from 4 April 2022. Prior to the Completion of the Sale and Purchase Agreement and Deed being in effect, Mr. Chau was the controlling shareholder 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.

2 ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(a) Adoption of new/revised HKFRSs — effective 1 April 2021

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are relevant to and effective for the Group’s consolidated financial statements for the annual period beginning on 1 April 2021:

Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Interest Rate Benchmark Reform
Amendments to HKFRS 16	Covid-19-Related Rent Concession
2021 Amendments to HKFRS 16	Covid-19-Related Rent Concession Beyond 30 June 2021

The adoption of the above new or amended HKFRSs that are effective from 1 April 2021 did not have any significant impact on the Group’s accounting policies or financial results and financial position. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period.

(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 consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 9 Financial Instruments and Amendments to Illustrative Examples accompanying HKFRS 16 Lease ¹
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current ³
HK Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ³
Amendments to HKAS 8	Definition of Accounting Estimates ³
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022

³ Effective for annual periods beginning on or after 1 January 2023

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 have assessed the possible impact of these new or revised standards on the Group's results and financial position in the first year of application. The directors consider that these new or revised HKFRSs are not yet effective are unlikely to have material impact on the Group's results and financial position upon application.

3 STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with 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.

4 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 revenue of each printing products is as follows:

	2022	2021
	HK\$	HK\$
Revenue from contracts with customers within the scope of HKFRS 15		
Timing of revenue recognition – At a point in time		
– Offset printing	81,991,991	76,445,090
– Toner-based digital printing	8,413,079	7,100,988
– Ink-jet printing	19,369,230	13,735,644
– Other printing related products	3,877,658	5,850,794
	<u>113,651,958</u>	<u>103,132,516</u>

The Group's customer base is diversified with no customer with whom the amount of sale transactions has exceeded 10% of the Group's revenue for the year ended 31 March 2022 (2021: Nil).

(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. 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 allocates resources and assesses performance of the Group on an aggregated basis based on such information. Therefore, 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 are located in Hong Kong.

5 OTHER INCOME AND OTHER GAINS

	2022	2021
	<i>HK\$</i>	<i>HK\$</i>
Other income		
Interest income	32,640	185,124
Scrap sale income	1,131,347	615,501
Government grant (<i>note</i>)	–	7,806,996
Sundry income	68,758	170,808
	1,232,745	8,778,429
Other gains		
Net exchange gain	43	491
Gain on disposal of property, plant and equipment	–	4,800
Gain on lease modification	229,112	914,232
	229,155	919,523

Note:

During the year ended 31 March 2021, the Group received government grants of HK\$7,806,996 in total under Employment Support Scheme (“ESS”) and Retail Sector Subsidy Scheme from the Anti-epidemic Fund launched by the Hong Kong SAR Government. Under the ESS, the Group is required to spend the grant on paying wages to employees and not to implement redundancies during the subsidy period. There were no unfulfilled conditions or obligation relating to these government grants.

6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	2022 HK\$	2021 HK\$
(a) Finance cost		
Interest on lease liabilities	<u>702,584</u>	<u>942,792</u>
(b) Staff costs (including directors' remuneration)[#]		
Salaries, wages and other benefits	27,653,087	27,359,090
Contributions to defined contribution retirement plan	<u>1,140,573</u>	<u>1,234,624</u>
	<u>28,793,660</u>	<u>28,593,714</u>
(c) Other items		
Auditor's remuneration	450,000	430,000
Cost of inventories recognised as expenses [#]	89,255,875	82,834,952
Depreciation of property, plant and equipment [#]	1,579,581	2,146,933
Depreciation of right-of-use assets [#]	4,842,344	6,691,210
Amortisation of intangible assets	84,128	82,733
Short-term leases expense	850,369	1,051,491
Impairment loss recognised on trade receivables, net (<i>note 10</i>)	<u>17,856</u>	<u>162,778</u>

[#] Cost of inventories included the amounts of HK\$10,052,905, HK\$1,251,191 and HK\$2,196,432 (2021: HK\$10,319,274, HK\$1,738,749 and HK\$2,884,185) 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.

7 INCOME TAX EXPENSE/(CREDIT)

Income tax expense/(credit) in the consolidated statement of comprehensive income represents:

	2022 <i>HK\$</i>	2021 <i>HK\$</i>
Current tax		
Hong Kong Profits Tax for the year	–	–
(Over)/Under-provision in respect of prior years	<u>(20,001)</u>	<u>7,353</u>
	(20,001)	7,353
Deferred tax		
Charged/(Credited) to profit or loss	<u>807,630</u>	<u>(953,816)</u>
	<u>787,629</u>	<u>(946,463)</u>

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 of Hong Kong Profits Tax, is calculated at tax rate of 16.5% on the estimated assessable profits for the year, except for the qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 of assessable profits of the qualifying entity are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

8 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\$4,446,765 (2021: HK\$12,536,316) and the weighted average number of ordinary shares in issue of 900,000,000 during the year (2021: 900,000,000).

(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 potentially dilutive ordinary shares in issue during the current year and in prior year.

9 DIVIDEND

No dividend was paid or proposed during the year, nor has any dividend been proposed since the end of the reporting period (2021: Nil).

10 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2022 HK\$	2021 HK\$
Trade receivables	5,602,987	7,426,297
Less: Loss allowance (<i>note (b)</i>)	<u>(816,344)</u>	<u>(798,488)</u>
	4,786,643	6,627,809
Other receivables and deposits	822,302	607,043
Prepayments	<u>886,050</u>	<u>1,577,415</u>
	<u>6,494,995</u>	<u>8,812,267</u>

(a) Ageing analysis

At 31 March 2022, the ageing analysis of trade receivables, based on invoice date and net of allowance for impairment, is as follows:

	2022 HK\$	2021 HK\$
Within 1 month	1,520,610	3,988,042
1 to 2 months	1,274,058	970,995
2 to 3 months	677,690	551,235
Over 3 months	<u>1,314,285</u>	<u>1,117,537</u>
	<u>4,786,643</u>	<u>6,627,809</u>

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

(b) Impairment of trade receivables

The movements in loss allowance for impairment of trade receivables during the year are as follows:

	2022 HK\$	2021 HK\$
At the beginning of the year	798,488	635,710
Impairment loss recognised	<u>17,856</u>	<u>162,778</u>
At the end of the year	<u>816,344</u>	<u>798,488</u>

The Group measures impairment provision for trade receivables at the amount equal to lifetime ECLs.

11 TRADE AND OTHER PAYABLES AND ACCRUALS

	2022 <i>HK\$</i>	2021 <i>HK\$</i>
Trade payables	10,129,705	10,110,373
Other payables and accruals	1,764,246	1,724,982
Accrual for staff costs	2,158,768	2,391,281
Provision for long service payments	1,695,960	685,212
	<u>15,748,679</u>	<u>14,911,848</u>

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

	2022 <i>HK\$</i>	2021 <i>HK\$</i>
Within 1 month	6,375,986	5,647,280
1 to 2 months	2,047,262	3,420,782
2 to 3 months	1,692,443	1,028,297
Over 3 months	14,014	14,014
	<u>10,129,705</u>	<u>10,110,373</u>

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

	2022 <i>HK\$</i>	2021 <i>HK\$</i>
At the beginning of the year	685,212	1,926,935
Payment for long services payments	(168,212)	(62,201)
Provision/(Reversal of provision) for long services payments	1,178,960	(1,179,522)
At the end of the year	<u>1,695,960</u>	<u>685,212</u>

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.

12. EVENTS AFTER THE END OF THE REPORTING PERIOD

As disclosed in note 1, there was a change in the controlling shareholder of the Company on 4 April 2022.

In addition, on 9 June 2022, the Hong Kong Legislative Council passed the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Bill 2022 (the “Bill”) to abolish the MPF offsetting mechanism. It is envisaged that the cancellation of mechanism will not come into effect until 2025 at the earliest. The abolishment of the MPF offsetting mechanism will not have retrospective effect, and the Bill will not change the rate and maximum payment of statutory severance payments or long service payments, which is currently calculated as 2/3 of the employee’s last monthly wages (capped at HK\$22,500), and subject to the maximum limit of HK\$390,000. The Group has already commenced an assessment of the impact of the Bill to the Group. The Group is not yet in a position to state whether the abolishment of the MPF offsetting mechanism will result in substantial change to the Group’s financial statements.

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\$113.7 million for FY2022, representing an increase of approximately 10.2% as compared to the revenue of approximately HK\$103.1 million for the year ended 31 March 2021 (“FY2021”). For FY2022, the Group recorded a net loss of approximately HK\$4.4 million in FY2022 as compared to approximately HK\$12.5 million recorded in FY2021. Excluding the impact of one-off items in the respective financial periods, there was a net operating loss of approximately HK\$4.6 million recorded in FY2022 as compared to approximately HK\$9.4 million in FY2021. The one-off items in FY2021 included a gain on modification of leases for retail shops and machineries of approximately HK\$0.9 million (FY2022: HK\$0.2 million), a gain on disposal of property, plant and equipment of approximately HK\$4,800 (FY2022: nil), government subsidies of approximately HK\$7.8 million (FY2022: nil) and impairment loss on property, plant and equipment and right-of-use assets of approximately HK\$11.8 million (FY2022: nil). 2022 was a challenging year for the Group. The outbreak of the novel coronavirus (“COVID-19”) leads to the implementation of social distancing measures to reduce the spread of COVID-19 in Hong Kong which affects the business and market activities of the Group’s customers. These activities were reduced significantly due to the prolonged COVID-19 outbreak. COVID-19 still persists and there is no guarantee that the number of infected cases in Hong Kong will not bounce back in future thus forcing the Hong Kong Government to redeploy the anti-epidemic measures. The Group will take actions to maintain our profitability and competitiveness in the market.

Looking ahead, there is still a high degree of uncertainty about the COVID-19 pandemic, and the outlook for economic recovery remains uncertain. The Group is exploring market opportunities for horizontal expansion and services diversification. The Group will continue to implement our business plan to enhance the market share, image, recognition and market reputation.

Financial Review

Revenue

The total revenue of the Group for FY2022 increased by approximately HK\$10.5 million or approximately 10.2% to approximately HK\$113.7 million as compared to approximately HK\$103.1 million for FY2021. The increase was mainly due to the increase in demand for the Group's printing services as a result of the improved market sentiment.

Costs of sales

The cost of sales primarily consists of raw material cost, sub-contracting fee, manufacturing overhead and staff costs. The total cost of sales increased from approximately HK\$82.8 million in FY2021 to approximately HK\$89.3 million in FY2022 due to the higher volume of sales orders, which was in tandem with the increase in revenue.

Gross profit and gross profit margin

The gross profit of the Group increased from approximately HK\$20.3 million for FY2021 to approximately HK\$24.4 million for FY2022, which was in tandem with the increase in revenue and costs of sales. The gross profit margin was 21.5% for FY2022 (FY2021: 19.7%).

Other income

Other income in FY2022 mainly represents scrap sale income amounting to approximately HK\$1.1 million (FY2021: HK\$0.6 million). The increase was mainly due to the increase in materials price and production activities. Other income in FY2021 mainly represents the government subsidies of approximately HK\$7.8 million (FY2022: nil) granted under the employment support scheme and the retail sector subsidy scheme in response to the COVID-19 pandemic.

Other gains

Other gains in FY2022 mainly represent the gain on derecognition of right-of-use assets and lease liabilities upon lease modification amounting to approximately HK\$0.2 million (FY2021: HK\$0.9 million).

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 approximately HK\$28.8 million in FY2022, which represented a decrease of approximately HK\$1.9 million as compared to approximately HK\$30.7 million in FY2021. The decrease in selling and administrative expenses was mainly attributable to (i) the decrease in depreciation due to the impairment losses made on the carrying amounts of certain non-current assets of the Group in FY2021 and the decrease in value of right-of-use assets as a result from the reduced number of retail shops; and (ii) the decrease in marketing and promotion activities.

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

No impairment loss on property, plant and equipment and right-of-use assets was recorded for FY2022. For FY2021, the impairment loss mainly represented the impairment on non-current assets (including property, plant and equipment and right-of-use assets) of approximately HK\$11.8 million provided to write down their recoverable amounts based on the impairment assessment.

Finance cost

The finance cost of the Group decreased from approximately HK\$0.9 million for FY2021 to approximately HK\$0.7 million for FY2022, which was primarily attributable to the decrease in interest on lease liabilities as a result of the decrease in value of the right-of-use assets throughout the year.

Loss and total comprehensive income for the year attributable to owners of the Company

The loss and total comprehensive income attributable to owners of the Company was approximately HK\$4.4 million in FY2022 as compared to approximately HK\$12.5 million recorded in FY2021. Excluding the impact of one-off items in the respective financial periods, there was a net operating loss of approximately HK\$4.6 million recorded in FY2022 as compared to approximately HK\$9.4 million in FY2021. The one-off items in FY2021 included a gain on modification of leases for retail shops and machineries of approximately HK\$0.9 million (FY2022: HK\$0.2 million), a gain on disposal of property, plant and equipment of approximately HK\$4,800 (FY2022: nil), government subsidies of approximately HK\$7.8 million (FY2022: nil) and impairment loss on property, plant and equipment and right-of-use assets of approximately HK\$11.8 million (FY2022: nil).

The outbreak of the COVID-19 pandemic leads to the implementation of social distancing measures to reduce the spread of the virus in Hong Kong which affects the business and market activities of the Group's customers. 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 maintain our profitability and competitiveness in the market.

Right-of-use assets

As at 31 March 2022, right-of-use assets amounted to approximately HK\$9.3 million, representing an increase of 26.1% as compared with that of approximately HK\$7.4 million as at 31 March 2021, which was primarily attributable to the additions of right-of-use assets in the last quarter of FY2022.

Trade and other receivables, prepayments and deposits

The trade and other receivables, prepayments and deposits of the Group decreased from approximately HK\$8.8 million as at 31 March 2021 to approximately HK\$6.5 million as at 31 March 2022 which was primarily due to the decrease in trade receivables. The trade receivables (net of allowance for doubtful debts) of the Group decreased from approximately HK\$6.6 million as at 31 March 2021 to approximately HK\$4.8 million as at 31 March 2022. The decrease was tandem with the decrease in revenue in the last quarter of FY2022 due to the decline in the demand for printing services activities resulting from the outbreak of the fifth wave of COVID-19.

Cash and cash equivalents

The cash and cash equivalents of the Group decreased from approximately HK\$23.6 million as at 31 March 2021 to approximately HK\$19.1 million as at 31 March 2022, which was mainly due to the decrease in operating performance as a result of the outbreak of COVID-19.

Trade and other payables and accruals

The trade and other payables and accruals of the Group increased from approximately HK\$14.9 million as at 31 March 2021 to approximately HK\$15.7 million as at 31 March 2022. The increase was mainly due to the increase in the provision of long service payments as a result of the unfavourable performance of the MPF contribution.

Liquidity, financial resources and capital structure

As at 31 March 2022, the Group had net current assets of approximately HK\$4.2 million (31 March 2021: HK\$10.8 million), of which the cash and cash equivalents were approximately HK\$19.1 million (31 March 2021: HK\$23.6 million). The Group's current ratio as at 31 March 2022 was 1.17 (31 March 2021: 1.43).

Total lease liabilities for the Group amounted to approximately HK\$11.7 million as at 31 March 2022 (31 March 2021: HK\$13.3 million). The gearing ratio as at 31 March 2022 was 0.59 (31 March 2021: 0.55) which is calculated on the basis of the Group's total lease liabilities over the total equity. As at 31 March 2022, lease liabilities in the amounts of approximately HK\$7.5 million are due within one year while the amounts of approximately HK\$4.2 million are due after one year. There has been no change in the capital structure of the Group for FY2022.

Dividends

The Board does not recommend the payment of a final dividend for the year ended 31 March 2022 (FY2021: nil).

Capital Commitments

As at 31 March 2022, the Group does not have material capital commitments that have not been disclosed (31 March 2021: HK\$0.1 million).

Significant Investments

There was no significant investments held as at 31 March 2022.

Material Acquisitions and Disposals

The Group did not have any material acquisition or disposal of associates, joint ventures or subsidiaries during FY2022.

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 COVID-19

The outbreak of COVID-19 has impacted the global business environment since the beginning of 2020. COVID-19 has resulted in significant decrease in sales orders of the Group during the year. The Directors expect that the financial performance of the Group in 2023 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 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 the Group's 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 the Group's requirements may materially and adversely affect its 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.

The Group may face shortage in supply of its 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 2022, certain machineries and motor vehicle of the Group with a carrying value of approximately HK\$2.1 million (31 March 2021: HK\$2.8 million) were held under finance leases.

Contingent Liabilities

The Group had no material contingent liabilities as at 31 March 2022 (31 March 2021: nil).

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 2022.

Business plan as set in the Prospectus , the First Change in UOP Announcement and the Second Change in UOP Announcement Progress up to 31 March 2022

Purchase of a five-colour offset press

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.

The set up of the six-colour offset press was completed in May 2019.

Purchase of a hybrid printer

As disclosed in the announcement of the Company dated 23 March 2020 (the "Second Change in UOP Announcement"), the Board resolved to reallocate the proceeds for other purpose. For the detailed reasons for the change in use of proceeds, please refer to the Second Change in UOP Announcement.

**Business plan as set in the Prospectus , the
First Change in UOP Announcement and
the Second Change in UOP Announcement Progress up to 31 March 2022**

Expansion of the Group's store network	As disclosed in the Second Change in UOP Announcement, the Board resolved to reallocate the proceeds for other purpose. For the detailed reasons for the change in use of proceeds, please refer to the Second Change in UOP Announcement.
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 approximately HK\$5 million.</p> <p>The set up of the digital printers was completed in June 2020.</p>
Purchase of printing related machines	As at 31 March 2022, the Group acquired printing related machines from an independent third party at approximately HK\$2.0 million.
Upgrade information technology systems	The set up of the Company's website and mobile application was completed in 2020.

Use of Proceeds

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 approximately HK\$2.1 million has been paid out of the net proceeds up to 31 March 2022.

Also as disclosed in the Second Change in UOP Announcement, the Company was in negotiation to purchase approximately HK\$2.0 million of printing related machines from an independent third party supplier and the purchases were subsequently concluded in April and July 2020. The Company purchased approximately HK\$1.5 million of printing related machines from independent third party suppliers in FY2022. 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\$1.5 million net proceeds will be fully utilised for purchase of printing related machines by the end of 2022.

The remaining unused net proceeds as at 31 March 2022 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 First Change in UOP Announcement and the Second Change in UOP Announcement.

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.

Employees and Emolument Policies

As of 31 March 2022, the Group employed 101 (FY2021: 114) 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\$28.8 million (FY2021: HK\$28.6 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.

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 FY2022 amounted to approximately HK\$1.1 million (FY2021: approximately HK\$1.2 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.

Events After the Reporting Period

Change in Controlling Shareholder of the Company and Mandatory Unconditional Cash Offer

Reference is made to the joint announcements dated 6 April 2022, 27 April 2022 and 20 May 2022 (the “Announcements”), and the composite offer and response document dated 27 April 2022 (the “Composite Document”) jointly issued by New Metro Inc. (the “Offeror”) and the Company in relation to, among other things, (i) the Offeror (as purchaser) and Mr. Chau Man Keung (an executive Director and the chairman of the Board), Mr. Leung Yuet Cheong (an executive Director), Mr. Wong Man Hin Joe (an executive Director) and Mr. Wang Hsiung Yu (a senior management of the Group) (collectively the “Selling Shareholders”) (as vendors) entered into a sale and purchase agreement after trading hours on 4 April 2022, pursuant to which the Selling Shareholders conditionally agreed to sell, and the Offeror conditionally agreed to acquire, the full legal and beneficial title and interest in the sale shares (being an aggregate of 354,354,000 shares), representing approximately 39.37% of the total issued share capital of the Company; and (ii) the mandatory unconditional cash offer by Sorrento Securities Limited for and on behalf of the Offeror to acquire all the issued shares of the Company (other than those already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it) (the “Offer”).

Immediately before completion of the aforesaid share purchase (the “Completion”), 280,400,000 shares were held by Mr. Chau Man Keung (an executive Director and the chairman of the Board, and a party acting in concert with the Offeror and Mr. Lam Shing Tai (the sole shareholder of the Offeror) (“Mr. Lam”) and 110,500,000 shares were held by Mr. Hsu Ching Loi (an executive Director and a party acting in concert with the Offeror and Mr. Lam) (representing approximately 31.16% and 12.28% of the entire issued share capital of the Company, respectively).

Immediately following Completion and before the commencement of the opening for acceptance of the Offer, the Offeror and parties acting in concert with it were interested in 506,220,000 shares (comprising 354,354,000 shares which the Offeror was interested in, 41,366,000 shares which Mr. Chau Man Keung was interested in and 110,500,000 shares which Mr. Hsu Ching Loi was interested in), representing approximately 56.25% of the entire issued share capital of the Company.

Taking into account the 4 valid acceptances in respect of 305,000 shares under the Offer (representing approximately 0.03% of the entire issued share capital of the Company), the Offeror and parties acting in concert with it held an aggregate of 506,525,000 shares, representing approximately 56.28% of the entire issued share capital of the Company after the close of the Offer and as at the date of this announcement.

The following table sets out the shareholding structure of the Company (i) immediately before Completion; (ii) immediately following Completion and before the commencement of the opening for acceptance of the Offer; and (iii) after the close of the Offer and as at the date of this announcement:

	Immediately before Completion		Immediately following Completion and before the commencement of the opening for acceptance of the Offer		After the close of the Offer and as at the date of this announcement	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
The Offeror and parties acting in concert with it						
– The Offeror	–	–	354,354,000	39.37	354,659,000	39.40
– Mr. Chau Man Keung	280,400,000	31.16	41,366,000	4.60	41,366,000	4.60
– Mr. Hsu Ching Loi	110,500,000	12.28	110,500,000	12.28	110,500,000	12.28
Sub-total	390,900,000	43.44	506,220,000	56.25	506,525,000	56.28
Other Selling Shareholders						
– Mr. Leung Yuet Cheong	66,460,000	7.38	–	–	–	–
– Mr. Wong Man Hin Joe	30,380,000	3.38	–	–	–	–
– Mr. Wang Hsiung Yu	18,480,000	2.05	–	–	–	–
Public Shareholders	393,780,000	43.75	393,780,000	43.75	393,475,000	43.72
Total	900,000,000	100.00	900,000,000	100.00	900,000,000	100.00

For further details of the Offer, please refer to the Announcements and the Composite Document.

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 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 FY2022 and up to the date of this announcement.

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.

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 FY2022 and up to the date of this announcement.

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 announcement, 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 FY2022 and up to the date of this announcement.

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 FY2022 and up to the date of this announcement.

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.

Audit Committee

The Company established the audit committee of the Company (the “Audit Committee”) on 26 February 2018 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and the CG Code. The Audit Committee currently consists of all 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 Group’s annual results for the year ended 31 March 2022 have been reviewed by Audit Committee, who is of the opinion that the annual results comply with applicable accounting standards, the requirements under the GEM Listing Rules and other legal requirements, and that adequate disclosures have been made.

Publication of Annual Report

The annual report of the Company for the year ended 31 March 2022 containing all the information required under the GEM Listing Rules will be dispatched to the shareholders of the Company and made available on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the website of the Company at www.uprintshop.hk in due course. If there is any inconsistency between the English version and the Chinese version, the English version shall prevail.

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

Hong Kong, 22 June 2022

As at the date of this announcement, 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.

This announcement will remain on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk on the “Latest Listed Company Information” page for at least 7 days from the date of its posting. This announcement will also be published and remains on the website of the Company at www.uprintshop.hk