

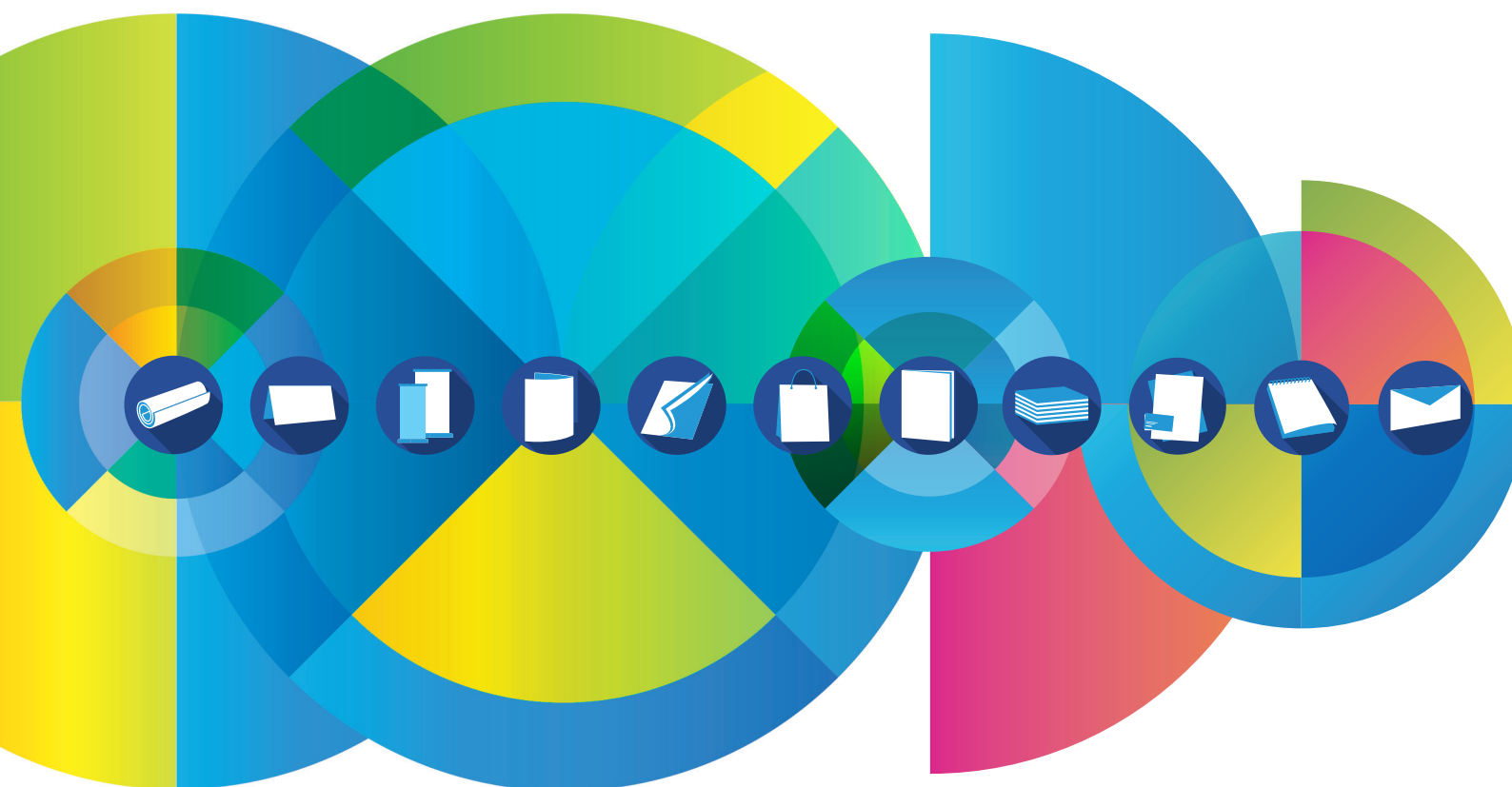
# 環球印館控股有限公司

## Universe Printshop Holdings Limited

*(Incorporated in the Cayman Islands with limited liability)*

Stock Code: 8448

### Share Offer



*Sole Sponsor*

**BALLAS**  
C A P I T A L

*Joint Bookrunners and Joint Lead Managers*

**BALLAS**  
C A P I T A L

 **長證國際**  
CJS INTERNATIONAL

 **Infast Brokerage Limited**  
進滙證券有限公司

 **中佳證券**  
Zhong Jia Securities

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## IMPORTANT

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**IMPORTANT:** If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

### Universe Printshop Holdings Limited

### 環球印館控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

#### LISTING ON GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF SHARE OFFER

Number of Offer Shares : 225,000,000 Shares  
Number of Placing Shares : 202,500,000 Shares (subject to re-allocation)  
Number of Public Offer Shares : 22,500,000 Shares (subject to re-allocation)  
Offer Price : Not more than HK\$0.24 per Offer Share and  
expected to be not less than HK\$0.20 per  
Offer Share, plus brokerage of 1.0%, SFC  
transaction levy of 0.0027% and Stock  
Exchange trading fee of 0.005% (payable in  
full on application in Hong Kong dollars  
subject to refund)  
Nominal Value : HK\$0.01 per Share  
Stock Code : 8448

Sole Sponsor

**BALLAS**  
C A P I T A L

Joint Bookrunners and Joint Lead Managers

**BALLAS**  
C A P I T A L

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 **中佳證券**  
Zhong Jia Securities

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in “Documents delivered to the Registrar of Companies in Hong Kong and available for inspection — A. Documents delivered to the Registrar of Companies in Hong Kong” in Appendix V to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be determined by agreement between the Joint Lead Managers (for themselves and on behalf of the other Underwriters) and our Company on the Price Determination Date, which is expected to be on or about Wednesday, 21 March 2018 or such later date as the Joint Lead Managers (for themselves and on behalf of the other Underwriters) and our Company may agree but in any event, no later than Monday, 26 March 2018. The Offer Price will be not more than HK\$0.24 and is currently expected to be not less than HK\$0.20, unless otherwise announced. Applicants for the Offer Shares are required to pay, on subscription, the Offer Price for each Offer Share together with brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price as finally determined should be lower than HK\$0.24.

The Joint Lead Managers (for themselves and on behalf of the other Underwriters) may, with our Company's consent, reduce the indicative Offer Price range stated in this prospectus at any time prior to the Price Determination Date. In such a case, notices of such reduction will be published on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company's website at [www.uprintshop.hk](http://www.uprintshop.hk) as soon as practicable but in any event not later than the Price Determination Date. Further details are set out in “Structure and Conditions of the Share Offer” in this prospectus.

If, for any reason, the Joint Lead Managers (for themselves and on behalf of the other Underwriters) and our Company are unable to agree on the Offer Price on or before the Price Determination Date, the Share Offer will not become unconditional and will lapse immediately.

**Prior to making an investment decision, prospective investors should consider carefully all the information set out in this prospectus, including the risk factors set out in “Risk Factors” in this prospectus.**

Pursuant to the termination provisions contained in the Public Offer Underwriting Agreement, the Joint Lead Managers have the right in certain circumstances to jointly terminate the obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date (such date is currently expected to be Wednesday, 28 March 2018). Further details of these termination provisions are set out in “Underwriting” in this prospectus. It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with Regulation S of the U.S. Securities Act.

13 March 2018

## IMPORTANT

Our Company will be relying on Section 9A of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong) and will be issuing the **WHITE** and **YELLOW** Application Forms without them being accompanied by a printed prospectus. The contents of the printed prospectus are identical to the electronic version of the prospectus which can be accessed and downloaded from the websites of our Company at [www.uprintshop.hk](http://www.uprintshop.hk) and the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) under the “HKExnews > Listed Company Information > Latest Listed Company Information” section, respectively.

Members of the public who wish to obtain a copy of the printed prospectus may obtain a copy, free of charge, upon request during normal business hours from 9:00 a.m. on Tuesday, 13 March 2018 until 12:00 noon on Friday, 16 March 2018 at the following locations:

1. the following branches of the receiving bank for the Public Offer:

DBS Bank (Hong Kong) Limited

District	Branch Name	Address
Hong Kong Island	Head Office	G/F, The Center, 99 Queen's Road Central, Central
Kowloon	Amoy Plaza Branch	Shops G193-195, Amoy Plaza, 77 Ngau Tau Kok Road, Ngau Tau Kok
	Nathan Road — SME Banking Centre	2/F, Wofoo Commercial Building, 574-576 Nathan Road, Mongkok
New Territories	Yuen Long Branch	G/F, 1-5 Tai Tong Road, Yuen Long

2. any of the following offices of the Sponsor, the Joint Bookrunners and the Public Offer Underwriters:

**Ballas Capital Limited** at Unit 1802, 18/F, 1 Duddell Street, Central, Hong Kong

**Changjiang Securities Brokerage (HK) Limited** at Suite 1908, 19/F, Cosco Tower, 183 Queen's Road Central, Central, Hong Kong

**Infast Brokerage Limited** at 18/F., 8 Lyndhurst Terrace, Nos. 2-10 Lyndhurst Terrace, Central, Hong Kong

**Zhong Jia Securities Limited** at Office No. 9, 8/F, One Island South, 2 Heung Yip Street, Hong Kong

## IMPORTANT

**Pacific Foundation Securities Limited** at 11/F, New World Tower II, 16-18 Queen's Road Central, Hong Kong

**Sincere Securities Limited** at 9/F., High Block, Cosco Tower, Grand Millennium Plaza, 183 Queen's Road Central, Sheung Wan, Hong Kong

**Easy One Securities Limited** at Room 2106B, 21/F, Wing On Centre, 111 Connaught Road Central, Hong Kong

3. the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong.

During normal business hours from 9:00 a.m. on Tuesday, 13 March 2018 until 12:00 noon on Friday, 16 March 2018, at least three copies of the printed prospectus will be available for inspection at every location where the **WHITE** and **YELLOW** Application Forms are distributed, as set out in "How to Apply for the Public Offer Shares" in this prospectus.

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## CHARACTERISTICS OF GEM

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*GEM has been positioned as a market designed to accommodate small and mid-sized 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.*

*Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.*

*The principal means of information and dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspaper. Accordingly, prospective investors should note that they need to have access to the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) in order to obtain up-to-date information on GEM listed issuers.*

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## EXPECTED TIMETABLE

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*If there is any change in the following expected timetable of the Share Offer, we will issue an announcement in Hong Kong to be published on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company's website at [www.uprintshop.hk](http://www.uprintshop.hk).*

**2018**<sup>(Note 1)</sup>

Public Offer commences and **WHITE** and **YELLOW**

Application Forms available from . . . . . 9:00 a.m. on Tuesday, 13 March

Latest time to complete electronic applications under

**HK eIPO White Form** service through the designated

website at [www.hkeipo.hk](http://www.hkeipo.hk)<sup>(Note 2)</sup> . . . . . 11:30 a.m. on Friday, 16 March

Application Lists open<sup>(Note 3)</sup> . . . . . 11:45 a.m. on Friday, 16 March

Latest time for lodging **WHITE** and **YELLOW**

Application Forms . . . . . 12:00 noon on Friday, 16 March

Latest time to complete payment of **HK eIPO White Form**

applications by effecting internet banking transfer(s) or

PPS payment transfer(s) . . . . . 12:00 noon on Friday, 16 March

Latest time for giving **electronic application**

**instructions** to HKSCC<sup>(Note 4)</sup> . . . . . 12:00 noon on Friday, 16 March

Application Lists close<sup>(Note 3)</sup> . . . . . 12:00 noon on Friday, 16 March

Expected Price Determination Date<sup>(Note 5)</sup> . . . . . Wednesday, 21 March

(1) Announcement of the final Offer Price, the level of indications of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares . . . . . Tuesday, 27 March

(2) Results of allocations in the Public Offer (with successful applicants' identification document or business registration numbers, where appropriate) to be available through a variety of channels as described in "How to Apply for the Public Offer Shares — 11. Publication of results" from . . . . . Tuesday, 27 March

(3) A full announcement containing (1) and (2) above to be published on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company's website at [www.uprintshop.hk](http://www.uprintshop.hk)<sup>(Note 6)</sup> from . . . . . Tuesday, 27 March

Results of allocations in the Public Offer will be available at [www.tricor.com.hk/ipo/result](http://www.tricor.com.hk/ipo/result) with a "search by ID" function

from . . . . . Tuesday, 27 March

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## EXPECTED TIMETABLE

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Despatch/collection of Share certificates or deposit of the Share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Public Offer on or before<sup>(Notes 7 and 9)</sup> . . . . . Tuesday, 27 March

Despatch/collection of refund cheques or **HK eIPO White Form** e-Auto Refund payment instructions in respect of wholly or partially successful applications (if applicable) or wholly or partially unsuccessful applications pursuant to the Public Offer on or before<sup>(Notes 8 and 9)</sup> . . . . . Tuesday, 27 March

Dealings in Shares on GEM expected to commence at 9:00 a.m. on . . . . . Wednesday, 28 March

*Notes:*

1. All times and dates refer to Hong Kong local time and date. If there is any change of the above expected timetable, a separate announcement will be made by our Company on the Stock Exchange's website and our Company's website accordingly.
2. You will not be permitted to submit your application through the designated website at [www.hkeipo.hk](http://www.hkeipo.hk) after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
3. If there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 16 March 2018, the Application Lists will not open or close on that day. See "How to Apply for the Public Offer Shares — 10. Effect of bad weather on the opening of the Application Lists" in this prospectus. If the Application Lists do not open and close on Friday, 16 March 2018, the dates mentioned in this section may be affected.
4. Applicants who apply for Public Offer Shares by giving electronic application instructions to HKSCC via CCASS should refer to "How to Apply for the Public Offer Shares — 6. Applying by giving electronic application instructions to HKSCC via CCASS" in this prospectus.
5. The Offer Price is expected to be determined on or about the Price Determination Date, being Wednesday, 21 March 2018 or such later date as the Joint Lead Managers (for themselves and on behalf of the other Underwriters) and our Company may agree but in any event, no later than Monday, 26 March 2018. If the Joint Lead Managers (for themselves and on behalf of the other Underwriters) and our Company are unable to reach an agreement on the Offer Price on or before the Price Determination Date, the Share Offer will not become unconditional and will lapse immediately.
6. None of our Company's website or any of the information contained in our Company's website forms part of this prospectus.
7. Share certificates will only become valid at 8:00 a.m. on Wednesday, 28 March 2018 provided that the Share Offer has become unconditional in all respects and none of the Underwriting Agreements has been terminated in accordance with their respective terms. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk. If the Share Offer does not become unconditional or the Underwriting Agreements are terminated in accordance with their respective terms, we will make an announcement as soon as possible.

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## EXPECTED TIMETABLE

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8. Refund cheques or e-Auto Refund payment instructions to you will be issued in respect of wholly or partially unsuccessful applications pursuant to the Public Offer and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant's Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's Hong Kong identity card number or passport number before encashment of the refund cheque. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may invalidate or delay encashment of the refund cheque.
9. Applicants who have applied on **WHITE** Application Forms for 1,000,000 Shares or more and have provided all information required by the Application Form may collect any refund cheques and/or Share certificates (where applicable) in person from our Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong on Tuesday, 27 March 2018. Applicants being individuals who are eligible for personal collection must not authorise any other person to collect on their behalf. Applicants being corporations which are eligible for personal collection must attend by their authorised representatives bearing a letter of authorisation from their corporation stamped with the company's chop. Both individuals and authorised representatives of corporations must produce evidence of identity acceptable to the Hong Kong Branch Share Registrar at the time of collection.

Applicants who have applied on **YELLOW** Application Forms for 1,000,000 Public Offer Shares or more and have provided all information required by the Application Form may collect their refund cheques, if any, in person but may not elect to collect their Share certificates as such Share certificates will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to their or the designated CCASS Participant's stock account as stated in their Application Forms. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

Applicants who have applied for Public Offer Shares by giving **electronic application instructions** to HKSCC should refer to "How to Apply for the Public Offer Shares — 14. Despatch/collection of Share certificates and refund monies — Personal collection — (iv) If you apply via **electronic application instructions** to HKSCC" in this prospectus for details.

Uncollected Share certificates and/or refund cheques will be despatched by ordinary post, at the applicants' own risk, to the addresses specified in the relevant applications on or before Tuesday, 27 March 2018.

Further information is set out in "How to Apply for the Public Offer Shares — 13. Refund of application monies" and "How to Apply for the Public Offer Shares — 14. Despatch/collection of Share certificates and refund monies" in this prospectus.

The above expected timetable is a summary only. You should refer to "Structure and Conditions of the Share Offer" and "How to Apply for the Public Offer Shares" in this prospectus for details of the structure of the Share Offer, including the conditions of the Share Offer, and the procedures for application for the Public Offer Shares.



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### IMPORTANT NOTICE TO INVESTORS

*This prospectus is issued by our Company solely in connection with the Share Offer and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Offer Shares offered by this prospectus pursuant to the Share Offer. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer in any other jurisdiction or in any other circumstances.*

*You should rely on the information contained in this prospectus and the Application Forms to make your investment decision. We, the Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, advisers, officers, employees, agents or representatives or any other person or party involved in the Share Offer, have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by us, the Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, advisers, officers, employees, agents or representatives or any other person or party involved in the Share Offer. The contents of our Company's website at [www.uprintshop.hk](http://www.uprintshop.hk) do not form part of this prospectus.*

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## SUMMARY

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*This summary aims to give you an overview of the information contained in this prospectus. Since this is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in “Risk Factors” in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.*

### OVERVIEW

We principally engage in providing printing services to our customers in Hong Kong. Our Group has an operating history of over 16 years in Hong Kong and according to the Frost & Sullivan Report, we were the third largest business printing service provider in terms of revenue in Hong Kong in 2016, accounting for approximately 5.1% of the market share in 2016, and the estimated market size of business printing market in Hong Kong was approximately HK\$2,607.3 million in 2016. As at the Latest Practicable Date, we operated 22 stores in Hong Kong where our customers can, among other services, obtain information about our services, submit designs, place their orders, make payment and collect their printing products with our staff. Our printing services during the Track Record Period and up to the Latest Practicable Date have been offset printing, ink-jet printing and toner-based digital printing. During the Track Record Period, offset printing accounted for around 75% to 78% of our revenue, ink-jet printing accounted for around 10% to 12% of our revenue and toner-based digital printing accounted for around 6% to 7% of our revenue. We strive to provide quality printing services to our customers in a timely and cost-effective manner. Our daily operations can be generally categorised into four stages, namely, receiving orders, pre-press processing (only applicable for products which require offset printing), printing and post-press treatment and delivery. During the Track Record Period, our main printing products were business printing-related products which covered, among others, stationery, advertisements, periodicals, directories and catalogues. We also offer a variety of post-press treatment services to our customers’ printed products such as varnishing, binding and laminating which can be tailored to our customers’ different requirements.

For FY2016, FY2017 and 7M of FY2018, our revenue was approximately HK\$124.0 million, HK\$133.9 million and HK\$80.6 million respectively, while our net profit for FY2016 and FY2017 was approximately HK\$5.3 million and HK\$3.4 million respectively, and our net loss for 7M of FY2018 was approximately HK\$4.4 million. Before deducting the listing expenses recognised in our consolidated income statement of approximately HK\$2.2 million for FY2017 and approximately HK\$7.4 million for 7M of FY2018, our adjusted net profit for FY2017 (the “**Adjusted FY2017 Profit**”) and 7M of FY2018 (the “**Adjusted 7M of FY2018 Profit**”) would be approximately HK\$5.6 million and approximately HK\$3.0 million respectively.

For each of FY2016, FY2017 and 7M of FY2018, around 94% of our revenue was derived from the provision of printing services and to a lesser extent, we also provided other services to our customers. Such other services included production of other printing-related products such as pre-ink stamps, plastic name-cards, printed eco-bags and printed plastic folders.

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## SUMMARY

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### OUR PRODUCTION FACILITIES AND PRINTING TECHNOLOGIES

Our main production site and warehouse are located in Kwun Tong, Hong Kong and such location effectively enables us to provide printing services with fast turnaround time for our customers in Hong Kong. We are equipped with advanced offset presses, ink-jet printers and toner-based digital printers which are efficient and automated in their operations. Our printing services during the Track Record Period and up to the Latest Practicable Date have been offset printing, ink-jet printing and toner-based digital printing. Each of the printing processes used by us has its unique advantages which we effectively leverage to complement our production needs. Generally, offset printing offers consistent high image quality for products and is relatively cost-efficient for large volume print orders. Ink-jet printing and toner-based digital printing provide solutions for low volume printing and allow for more flexibility since texts and images can be changed from one copy to the next without stopping or slowing the printing process. We generally use offset printing for large volume orders which are paper-based, ink-jet printing for orders which are for large-dimension products generally used as outdoor display, and toner-based digital printing for small volume orders which are for small-dimension paper-based products which are not for outdoor display. The offering of offset printing, ink-jet printing and toner-based digital printing to our customers allows us to offer the optimal service (in terms of timing and cost) to our customers to meet their needs depending on their particular print order requirements and also enables us to print products with a wide range of quantities, resolutions, styles and format selections.

For FY2016, FY2017 and 7M of FY2018, the utilisation rate for our offset presses (which accounted for around 75% to 78% of our revenue during the Track Record Period) was approximately 84.8%, 92.8% and 87.2% respectively. Such utilisation rate is based on factors such as maximum production capacity, which is in turn derived from figures based on certain assumptions which are established by us. For further details of such assumptions and information on the utilisation rate of our offset presses, please refer to “Business — Our Production Facilities — Production capacity and utilisation rate” in this prospectus.

### OUR SUPPLIERS, SUB-CONTRACTORS AND CUSTOMERS

We have established strong and close working relationship with our major suppliers and sub-contractors. As at the Latest Practicable Date, we had been maintaining business relationships with our top five suppliers for a range of over one year to over nine years. Our top five suppliers during the Track Record Period comprised suppliers of paper and sub-contractors which are mainly other printing service providers. Purchases from them and sub-contracting fees charged by them (as the case may be) accounted for approximately 37.4%, 39.3% and 50.8% of our cost of sales respectively for FY2016, FY2017 and 7M of FY2018. Each of our top five suppliers during the Track Record Period is an Independent Third Party.

We make our sales through two sales channels: (1) Store Sales, which comprise orders placed at our stores in Hong Kong; and (2) Non-store Sales, which comprise orders placed by Credit Customers directly with our sales team and orders placed from our website.

## SUMMARY

The following table sets out the breakdown of revenue of our Group derived from orders received through our two sales channels during the Track Record Period:

	FY2016		FY2017		7M of FY2017		7M of FY2018	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Store Sales	104,701	84.4	113,184	84.5	65,663	84.1	67,444	83.7
Non-store Sales	19,347	15.6	20,685	15.5	12,422	15.9	13,112	16.3
<b>Total</b>	<b>124,048</b>	<b>100.0</b>	<b>133,869</b>	<b>100.0</b>	<b>78,085</b>	<b>100.0</b>	<b>80,556</b>	<b>100.0</b>

Over the years, we have established a diverse customer base. During the Track Record Period, we served customers from different backgrounds, ranging from corporations, government institutions, schools, other printing service providers and restaurants to individuals. During the Track Record Period, we served over 62,000 customers, out of which over 29,000 are customers who have placed orders with us on more than one occasion. Our top five customers for FY2016, FY2017 and 7M of FY2018 accounted for approximately 5.6%, 5.6% and 6.9% respectively of the total revenue of our Group during the same period. Each of our top five customers during the Track Record Period is an Independent Third Party.

### OUR PRICING STRATEGIES

We generally standardise pricing for our services and update information on pricing from time to time and the prevailing prices can be found on our websites or through catalogues at our stores. Extra fees may be charged for services such as express printing services or customised orders such as print services requiring special paper or cuts. Finished products are either collected or delivered at an additional delivery fee.

The selling price of standard printing products is determined and approved by our Directors and reviewed every month and adjusted (as the case may be) after considering factors such as the cost of raw materials prices used in the relevant printing process, production costs and prices offered by our competitors.

### OUR COMPETITIVE STRENGTHS

We believe that our success is attributable to, among other factors, our following competitive strengths: (a) our established extensive store network; (b) our ability to provide a wide spectrum of printing services at competitive prices; (c) being equipped with technologically advanced production machinery; (d) having a fast turnaround time on our printed products; (e) our strong and close relationships with our major suppliers and sub-contractors; and (f) our experienced and dedicated management team.

For details, please see “Business — Competitive strengths” in this prospectus.

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## SUMMARY

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### OUR STRATEGIES

Our principal business objective is to strengthen our foothold in the business printing market in Hong Kong and to increase our market share as an established business printing service provider in Hong Kong. We intend to achieve our business objective by (a) enhancing our production capability and capacity through the purchase of more advanced printing machinery; (b) expanding the geographical coverage of our store network by opening new stores; and (c) upgrading our information technology systems to the standards of an ERP system.

For details, please see “Business — Business strategies” in this prospectus.

### HIGHLIGHTS OF RISK FACTORS

Our business and operations involve certain risks and uncertainties, many of which are beyond our control. These risks can be broadly categorised as (a) risks relating to our business; (b) risks relating to the industry; and (c) risks relating to the Shares and Share Offer.

The following highlights some of the risks which are considered material by our Directors:

- We do not enter into any long-term contract with our customers and our sales depend on the demand from our customers;
- Our business is subject to fluctuation of purchase costs for raw materials and staff costs;
- We 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;
- We have records of certain non-compliance with Hong Kong statutory requirements;
- We experienced net current liabilities during the Track Record Period;
- We may face shortage in supply of our raw materials; and
- Emergence of online ordering platforms may adversely affect the results of operations of our Group.

Please see “Risk Factors” in this prospectus for further details of the risks and uncertainties which our business and operations are subject to.

### NET CURRENT LIABILITIES AS AT 31 MARCH 2016

We had net current liabilities of approximately HK\$11.7 million as at 31 March 2016, net current assets of approximately HK\$15.8 million as at 31 March 2017 and net current assets of approximately HK\$13.3 million as at 31 October 2017. Our net current liabilities position as at 31 March 2016 was mainly attributable to payments of approximately HK\$23.4 million for the purchase of property, plant and equipment from the Business Transfers in early 2015. As at 31 March 2016, our current assets

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## SUMMARY

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mainly comprised trade and other receivables of approximately HK\$10.1 million (representing approximately 41.6% of our current assets), cash and cash equivalents of approximately HK\$5.8 million (representing approximately 23.9% of our current assets) and amounts due from other related parties of approximately HK\$4.7 million (representing approximately 19.3% of our current assets) while our current liabilities mainly comprised trade and other payables of approximately HK\$19.8 million (representing approximately 55.1% of our current liabilities) and amounts due to related companies of approximately HK\$13.6 million (representing approximately 37.9% of our current liabilities).

As at 31 March 2017, we had net current assets of approximately HK\$15.8 million. Our current assets mainly comprised cash and cash equivalents of approximately HK\$21.0 million (representing approximately 49.2% of our current assets), trade and other receivables of approximately HK\$11.5 million (representing approximately 27.0% of our current assets) and amounts due from other related parties of approximately HK\$5.1 million (representing approximately 12.0% of our current assets). Our current liabilities mainly comprised trade and other payables of approximately HK\$22.3 million (representing approximately 82.7% of our current liabilities).

The improvement from a net current liabilities of approximately HK\$11.7 million as at 31 March 2016 to a net current assets of approximately HK\$15.8 million as at 31 March 2017 was mainly because of the effect of our profit generated in FY2017 and cash proceeds from Pre-IPO Investments of HK\$20.0 million in FY2017.

As at 31 October 2017, we had net current assets of approximately HK\$13.3 million. Our current assets mainly comprised cash and cash equivalents of approximately HK\$19.8 million (representing approximately 46.7% of our current assets), and trade and other receivables of approximately HK\$18.0 million (representing approximately 42.3% of our current assets). Our current liabilities mainly comprised trade and other payables of approximately HK\$26.2 million (representing approximately 89.8% of our current liabilities).

Based on our unaudited management accounts, as at 31 January 2018, we had net current assets of approximately HK\$16.2 million. Our current assets mainly comprised cash and cash equivalents of approximately HK\$25.1 million (representing approximately 49.6% of our current assets) and trade and other receivables of approximately HK\$21.0 million (representing approximately 41.5% of our current assets). Our current liabilities mainly comprised trade and other payables of approximately HK\$31.2 million (representing approximately 90.5% of our current liabilities).

## OUR CONTROLLING SHAREHOLDER

Immediately following the completion of the Share Offer and the Capitalisation Issue, Mr. Chau will hold approximately 31.16% of our Company's issued share capital (without taking into account the Shares which may be allotted and issued pursuant to the exercise of any options that may be granted under the Share Option Scheme). As Mr. Chau will be entitled to exercise or control the exercise of 30% or more of the voting power at general meetings of our Company upon Listing, Mr. Chau is regarded as our Controlling Shareholder under the GEM Listing Rules. For details regarding the shareholding interest of our Controlling Shareholder, please see "Relationship with our Controlling Shareholder" and "Substantial Shareholders" in this prospectus.

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## SUMMARY

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### PRE-IPO INVESTORS

On 8 November 2016, Universe Printshop and each of the Pre-IPO Investors separately entered into a Pre-IPO Investment Agreement for the subscription of an aggregate of 3,334 shares of Universe Printshop, representing approximately 25.00% of the issued share capital of Universe Printshop as enlarged by such subscription, for an aggregate consideration of HK\$20.0 million. Immediately upon completion of the Share Offer and the Capitalisation Issue, the Pre-IPO Investors will hold an aggregate of 18.75% of the issued share capital of our Company.

### LOCK-UP UNDERTAKINGS BY OUR CONTROLLING SHAREHOLDER, PRE-IPO INVESTORS AND OTHER EXISTING SHAREHOLDERS

Our Controlling Shareholder has voluntarily given a lock-up undertaking in favour of, among others, our Company for a period of 24 months immediately after the Listing Date. Mr. Chia, one of our Pre-IPO Investors, and each of the other Existing Shareholders (other than Ms. Ip and Mr. Liu) namely Mr. Hsu, Mr. Leung, Mr. Wong and Mr. Wang, has also voluntarily undertaken to, among others, our Company not to dispose of his Shares for a period of 24 months immediately after the Listing Date. In addition, each of our other Pre-IPO Investors, namely, Ms. Ip and Mr. Liu, has voluntarily undertaken to, among others, our Company not to dispose of their respective Shares for a period of six months immediately after the Listing Date.

A summary of the details of the lock-up undertakings is as follows:

Name of Existing Shareholder	Lock-up period	Approximate percentage of shareholding held following the Share Offer and the Capitalisation Issue	
Mr. Chau (a)	24 months	31.16%	
Mr. Chia (d)	24 months	12.75%	
Mr. Hsu (a)	24 months	12.28%	
Mr. Leung (b)	24 months	7.38%	
Mr. Wong (b)	24 months	3.38%	
Mr. Wang (c)	24 months	2.05%	
		Sub-total	69.00%
Ms. Ip (d)	6 months	3.75%	
Mr. Liu (d)	6 months	2.25%	
		Sub-total	6.00%
		Total	75.00%

(a): Executive Director and founder of the Group

(b): Executive Director

(c): Senior management of the Group

(d): Pre-IPO Investor



## SUMMARY

For details of these lock-up undertakings, please see “History, Reorganisation and Corporate Structure — Lock-up undertakings by the Pre-IPO Investors and public float”, “History, Reorganisation and Corporate Structure — Lock-up undertakings by our Controlling Shareholder and other Existing Shareholders (other than the Pre-IPO Investors)” and “Underwriting — Undertakings pursuant to the Public Offer Underwriting Agreement — Undertakings by our Shareholders” in this prospectus.

All of the above undertakings cannot be waived.

## SUMMARY FINANCIAL INFORMATION AND OPERATING DATA

The tables below present summary of certain key financial information of our Group for the periods indicated and should be read in conjunction with Appendix I to this prospectus.

### *Results of operations*

	<b>FY2016</b>	<b>FY2017</b>	<b>7M of FY2017</b>	<b>7M of FY2018</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	124,048	133,869	78,085	80,556
Gross profit	30,408	31,350	18,134	19,846
Profit/(loss) and total comprehensive income/(loss) for the year/period	5,267	3,391*	3,207	(4,382)*

\* Before deducting the listing expenses recognised in our consolidated income statement of approximately HK\$2.2 million and HK\$7.4 million for FY2017 and 7M of FY2018, respectively, we would have recorded an Adjusted FY2017 Profit of approximately HK\$5.6 million and an Adjusted 7M of FY2018 Profit of approximately HK\$3.0 million. The Adjusted FY2017 Profit and the Adjusted 7M of FY2018 Profit are not financial measures under HKFRS and are presented for the purpose of providing information for evaluation and comparison of our financial results during the Track Record Period.

### *Breakdown of our revenue by business segments*

	<b>FY2016</b>	<b>FY2017</b>	<b>7M of FY2017</b>	<b>7M of FY2018</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Offset printing	95,298	104,048	60,397	60,676
Toner-based digital printing	8,238	8,255	5,049	5,348
Ink-jet printing	12,672	13,988	8,153	10,020
Other services	7,840	7,578	4,486	4,512
<b>Total</b>	<b><u>124,048</u></b>	<b><u>133,869</u></b>	<b><u>78,085</u></b>	<b><u>80,556</u></b>

## SUMMARY

The following table shows a breakdown of the number of orders and the average revenue per order for each of our printing services:

	For							
	FY2016		FY2017		7M of FY2017		7M of FY2018	
	<i>Average</i>		<i>Average</i>		<i>Average</i>		<i>Average</i>	
	<i>revenue</i>		<i>revenue</i>		<i>revenue</i>		<i>revenue</i>	
	<i>Number</i>	<i>per order</i>	<i>Number</i>	<i>per order</i>	<i>Number</i>	<i>per order</i>	<i>Number</i>	<i>per order</i>
	<i>of order</i>	<i>(HK\$)</i>	<i>of order</i>	<i>(HK\$)</i>	<i>of order</i>	<i>(HK\$)</i>	<i>of order</i>	<i>(HK\$)</i>
	<i>(Note 1)</i>	<i>(Note 2)</i>	<i>(Note 1)</i>	<i>(Note 2)</i>	<i>(Note 1)</i>	<i>(Note 2)</i>	<i>(Note 1)</i>	<i>(Note 2)</i>
Offset printing	62,139	1,534	63,785	1,631	37,394	1,615	34,499	1,759
Toner-based								
digital printing	14,620	563	16,744	493	9,740	518	9,738	549
Ink-jet printing	24,940	508	31,631	442	17,575	464	20,182	496
Other services	14,400	544	14,754	514	8,696	516	10,917	413
<b>Total</b>	<u>116,099</u>	<u>1,068</u>	<u>126,914</u>	<u>1,055</u>	<u>73,405</u>	<u>1,064</u>	<u>75,336</u>	<u>1,069</u>

*Note 1:* The number of order represents the number of orders we received for each type of printing service for the relevant year/period.

*Note 2:* The average revenue per order is based on the revenue generated from each type of printing services divided by the total number of orders received for the respective type of printing services for the relevant year/period.

During the Track Record Period, we generated a substantial part of our revenue from the provision of offset printing services, which represented approximately 76.8%, 77.7% and 75.3% of our revenue for FY2016, FY2017 and 7M of FY2018, respectively.

For details, please refer to “Financial Information — Description of certain income statement items — Revenue” in this prospectus.

### ***Our cost of sales***

Our cost of sales amounted to approximately HK\$93.6 million, HK\$102.5 million and HK\$60.7 million for FY2016, FY2017 and 7M of FY2018, respectively and comprised (i) raw material cost; (ii) sub-contracting fee; (iii) manufacturing overhead; and (iv) staff cost of our skilled labour to oversee and perform the production procedures. Raw material cost and sub-contracting fee together accounted for approximately 71.9%, 72.9% and 73.6% of our cost of sales in FY2016, FY2017 and 7M of FY2018, respectively.

For details, please refer to “Financial Information — Description of certain income statement items — Cost of sales” in this prospectus.

## SUMMARY

### *Our gross profit and gross profit margin*

Our gross profit margin was relatively stable during Track Record Period. We recorded a gross profit margin of approximately 24.5% for FY2016, 23.4% for FY2017, and 24.6% for 7M of FY2018. The following table sets forth our gross profit and gross profit margin by types of printing services during the Track Record Period.

	FY2016			FY2017			For 7M of FY2017			7M of FY2018		
	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Offset printing	95,298	19,425	20.4	104,048	20,959	20.1	60,397	11,825	19.6	60,676	12,739	21.0
Toner-based digital printing	8,238	3,973	48.2	8,255	4,002	48.5	5,049	2,432	48.2	5,348	2,594	48.5
Ink-jet printing	12,672	4,521	35.7	13,988	4,241	30.3	8,153	2,548	31.3	10,020	3,256	32.5
Other services	7,840	2,489	31.7	7,578	2,148	28.3	4,486	1,329	29.6	4,512	1,257	27.9
	<u>124,048</u>	<u>30,408</u>	<u>24.5</u>	<u>133,869</u>	<u>31,350</u>	<u>23.4</u>	<u>78,085</u>	<u>18,134</u>	<u>23.2</u>	<u>80,556</u>	<u>19,846</u>	<u>24.6</u>

We typically achieve a higher margin for toner-based digital printing than offset printing or ink-jet printing as it is generally used for small volume and/or urgent orders and customers are more willing to pay a relatively higher price for a faster and urgent turnaround time. The higher margin for toner-based digital printing can also be attributable to its lower direct labour cost and raw material cost required, as pre-press procedures including pre-press setting and plate making are not required for toner-based digital printing.

The gross profit margin of our offset printing business and toner-based digital printing business remained relatively stable at around 20-21% and 48%, respectively, during the Track Record Period.

For details, please refer to “Financial Information — Description of certain income statement items — Gross profit and gross profit margin” in this prospectus.

### *Net profit and net profit margin*

We recorded net profit of approximately HK\$5.3 million and HK\$3.4 million for FY2016 and FY2017, respectively, representing a net profit margin of approximately 4.2% and 2.5%, respectively. Before deducting the listing expenses recognised in our consolidated income statement of approximately HK\$2.2 million for FY2017, our Adjusted FY2017 Profit and net profit margin for FY2017 would be approximately HK\$5.6 million and approximately 4.1% (the “**Adjusted FY2017 NP Margin**”), respectively. The Adjusted FY2017 Profit represented an increase of approximately HK\$0.3 million, or approximately 5.3%, over the net profit of approximately HK\$5.3 million for FY2016. The Adjusted FY2017 NP Margin is similar to the net profit margin of approximately 4.2% in FY2016.

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We recorded net loss of approximately HK\$4.4 million for 7M of FY2018. Before deducting listing expenses recognised in our consolidated income statement of approximately HK\$7.4 million for 7M of FY2018, our Adjusted 7M of FY2018 Profit and net profit margin for 7M of FY2018 would be approximately HK\$3.0 million and approximately 3.7% (the “**Adjusted 7M of FY2018 NP Margin**”), respectively. The Adjusted 7M of FY2018 Profit remained relatively stable as compared to the net profit of approximately HK\$3.2 million of 7M of FY2017. The Adjusted 7M of FY2018 NP Margin of approximately 3.7% represents a decrease of approximately 0.4 percentage points as compared to the net profit margin of approximately 4.1% in 7M of FY2017.

As at 1 April 2015, our Group had accumulated losses of approximately HK\$0.6 million. As set out in the section “History, Reorganisation and Corporate Structure” in this prospectus, our Group underwent a corporate and business restructuring, and our business under the Former Group was transferred to the relevant operating subsidiaries of the Group. The Startec Business Transfer, the Universe Printing Business Transfer and the Print Shop Business Transfer were completed on 1 April 2015, 1 April 2015 and 1 January 2015, respectively. As a result, the accumulated losses of approximately HK\$0.6 million as at 1 April 2015 represented the results of our then Group, which had not yet included Startec Colour Separation Printing and Universe Printing, for the period from 1 January 2015 to 31 March 2015. Based on the unaudited management accounts of Former Print Shop, Former Startec and Former Universe Printing, they recorded combined profit for the year ended 31 March 2015.

***Selected items of consolidated statements of financial position as at 31 March 2016, 31 March 2017 and 31 October 2017***

	<b>31 March</b>	<b>As at</b>	
	<b>2016</b>	<b>31 March</b>	<b>31 October</b>
	<i>HK\$'000</i>	<i>2017</i>	<i>2017</i>
		<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets	20,364	16,607	14,600
Current assets	24,206	42,677	42,473
Current liabilities	35,938	26,901	29,211
Non-current liabilities	3,861	4,222	4,083

## SUMMARY

### *Selected items of consolidated statements of cash flow for the periods indicated*

	<b>FY2016</b>	<b>FY2017</b>	<b>7M of FY2017</b>	<b>7M of FY2018</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Operating profit/(loss) before changes in working capital</b>	<b>14,125</b>	<b>11,027</b>	<b>7,589</b>	<b>(500)</b>
Net cash generated from operating activities	15,718	11,066	9,027	2,654
Net cash used in investing activities	(23,347)	(1,399)	(637)	(235)
Net cash generated from/(used in) financing activities	<u>12,875</u>	<u>5,550</u>	<u>(8,074)</u>	<u>(3,586)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>5,246</b>	<b>15,217</b>	<b>316</b>	<b>(1,167)</b>
Cash and cash equivalents at the beginning of the year	<u>530</u>	<u>5,776</u>	<u>5,776</u>	<u>20,993</u>
<b>Cash and cash equivalents at the end of the year</b>	<b><u>5,776</u></b>	<b><u>20,993</u></b>	<b><u>6,092</u></b>	<b><u>19,826</u></b>

We recorded operating profit before working capital changes of approximately HK\$14.1 million in FY2016, HK\$11.0 million in FY2017, and operating loss before working capital changes of approximately HK\$0.5 million for 7M of FY2018.

### KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the years and as at the balance sheet dates indicated.

	<b>Year ended/as at 31 March 2016</b>	<b>Seven months ended/as at 31 2017 October 2017</b>	
Return on equity	110.4%	12.0%	N/A
Return on total assets	11.8%	5.7%	N/A
Current ratio	0.7	1.6	1.5
Net debt to equity ratio	N/A	N/A	N/A
Gearing ratio <sup>#</sup>	0.7	0.1	0.2

<sup>#</sup> Gearing ratio is defined as total debt divided by total equity. Total debt is defined as the sum of borrowings and obligations under finance leases.

For further details of the fluctuation of the key financial ratios, please see “Financial Information — Key financial ratios” in this prospectus.

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### RECENT DEVELOPMENT AFTER THE TRACK RECORD PERIOD

After the end of the Track Record Period and up to the Latest Practicable Date, we have continued to principally engage in providing printing services in Hong Kong by offering offset printing, ink-jet printing and toner-based digital printing to our customers.

Based on our unaudited management accounts, our revenue and gross profit margin for the ten months ended 31 January 2018 remained relatively stable as compared to that for the corresponding ten months ended 31 January 2017. We expect to record a loss in the financial year ending 31 March 2018 (“FY2018”) mainly as a result of recognition of listing expenses. We also expect our financial results for FY2018 to be adversely affected by the increase in rental and other administrative expenses. We expect to record an increase in compliance cost after the Listing and our staff costs is expected to increase for FY2018 mainly as a result of salary adjustment during 7M of FY2018 and headcount increment. Our Group’s staff costs increased by approximately 7.2% for 7M of FY2018 as compared to the corresponding period in 2016. As at the Latest Practicable Date, our Company planned to increase headcount in sales staff for the new shops to be opened in the financial year ending 31 March 2019 (“FY2019”).

The changes in our lease agreements on hand subsequent to FY2017 and prior to the Latest Practicable Date are as follows:

- renewal of six expired leases for store operations and two expired leases for workshops;
- entering into new leases to relocate (i) two stores in Hong Kong Island and the lease agreements of the original stores had been terminated; (ii) one store in Kowloon and the lease agreement of the original store was terminated in January 2018; and (iii) one store in Kowloon and the lease agreement of the original store will expire in March 2018;
- leasing of a new office premise in Kwun Tong as our current principal place of business in Hong Kong with effect from 1 April 2017; and
- leasing of four additional properties located in Chai Wan, Cheung Sha Wan and Kwun Tong for our store operations, as a rectification action in response to the non-compliance incidents set out in “Business — Legal proceedings and legal compliance — Legal non-compliance” in this prospectus.

The aggregate additional rent as a result of the aforesaid changes amounted to HK\$66,150 per month.

Furthermore, based on our future strategies as described in “Business — Business strategies — Enhancing our production capability and capacity” in this prospectus, we intend to spend approximately HK\$27.0 million (comprising approximately HK\$24.0 million out of the net proceeds from the Share Offer and HK\$3.0 million out of our internal resources) to acquire two new printing

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## SUMMARY

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machines during the period from the Listing Date to 30 September 2018, with one machine (being the five-colour offset press) to replace one of the existing four-colour offset presses, so as to enhance our production capability and with another new machine (being the new hybrid printer) to expand our production capacity. One of the existing four-colour offset presses, which had an annual depreciation of approximately HK\$1.25 million for FY2017 and has been fully-depreciated as at 31 March 2017, is expected to be replaced by the five-colour offset press with an estimated depreciation charge of approximately HK\$1.0 million per year. The estimated depreciation charge for the new hybrid printer would be approximately HK\$1.5 million per year.

Assuming that our Group will complete the acquisitions of the new five-colour offset press in April 2018 and the new hybrid printer in September 2018, the depreciation expenses attributable to these two new printing machines are estimated to be approximately HK\$1.9 million for FY2019. We expect to incur increased depreciation expenses after the aforesaid planned acquisitions of printers take place.

Save and except for the listing expenses as discussed below and donation expense arising from the Group's charitable donation made in February 2018, our Group did not have any significant non-recurring items on our consolidated statements of profit or loss and other comprehensive income after the Track Record Period.

Save for the above and the impact of the listing expenses as disclosed below, our Directors have confirmed that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since 31 October 2017, being the date on which the latest audited consolidated financial statements of our Group were made up, and there is no event since 31 October 2017 which would materially affect the information shown in the Accountants' Report set out in Appendix I to this prospectus.

### LISTING EXPENSES

The total listing expenses in relation to the Share Offer (based on the mid-point of the Offer Price range stated in this prospectus), mainly comprising fees paid or payable to professional parties and underwriting fees and commission, are expected to be approximately HK\$22.3 million. During the Track Record Period, we incurred listing expenses of approximately HK\$12.1 million of which (i) approximately HK\$9.5 million was recognised as expenses in the consolidated statements of profit or loss and other comprehensive income; and (ii) approximately HK\$2.6 million was recognised as prepayments in the consolidated statements of financial position and will be accounted for as a deduction from equity upon Listing. We expect to further incur listing expenses in the amount of approximately HK\$10.2 million prior to and upon completion of the Share Offer, of which, (i) approximately HK\$4.3 million is expected to be recognised as expenses in our consolidated statements of profit or loss and other comprehensive income for FY2018; and (ii) approximately HK\$5.9 million is expected to be capitalised as prepayments and charged against equity upon completion of the Share Offer under the relevant accounting standards.

## SUMMARY

### USE OF PROCEEDS AND REASONS FOR THE SHARE OFFER

We estimate the net proceeds to be received by us from the Share Offer assuming an Offer Price of HK\$0.22 per Offer Share (being the mid-point of the Offer Price range of HK\$0.20 to HK\$0.24 per Offer Share), after deducting total listing expenses of approximately HK\$22.3 million in connection with the Share Offer, are estimated to be approximately HK\$27.2 million. We intend to apply such net proceeds from the Share Offer as follows:

- approximately HK\$12.1 million (or approximately 44.5% of the net proceeds) will be used for the partial payment of the purchase price of a five-colour offset press in order to enhance our production capability;
- approximately HK\$11.9 million (or approximately 43.7% of the net proceeds) will be used for the partial payment of the purchase price of a hybrid printer in order to enhance our production capacity;
- approximately HK\$2.2 million (or approximately 8.1% of the net proceeds) will be used to fund the expansion of our store network by opening seven additional stores in addition to our existing 22 stores; and
- approximately HK\$1.0 million (or approximately 3.7% of the net proceeds) will be used to upgrade our information technology systems.

The following table sets forth a breakdown of how the net proceeds from the Share Offer are intended to be applied and the timing of application:

	From the Listing Date to 30 September 2018 (HK\$ million)	From 1 October 2018 to 31 March 2019 (HK\$ million)	From 1 April 2019 to 30 September 2019 (HK\$ million)	From 1 October 2019 to 31 March 2020 (HK\$ million)	Total (HK\$ million)
Purchase of a five-colour offset press	12.1	—	—	—	12.1
Purchase of a hybrid printer	11.9	—	—	—	11.9
Expanding the geographical coverage of our store network	0.6	0.3	0.6	0.6	2.2*
Upgrading our information technology systems	1.0	—	—	—	<u>1.0</u>
					<u><u>27.2</u></u>

\* Rounding adjustment

The primary reasons for the Listing are to allow us to raise funds for (i) the acquisition of new technologically advanced production machinery in order to maintain our competitiveness; and (ii) to maintain our market share in the business printing market in Hong Kong.



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## SUMMARY

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As a printing service provider, the type of production machinery which we possess is a crucial factor in determining our business model and our performance. According to the Frost & Sullivan Report, the business printing industry of Hong Kong is fragmented and competitive. Being able to compete in such business environment necessitates us to constantly stay at the forefront of technology in terms of our production machinery so as to maintain our edge in, among others, production capability and capacity. We believe that investing in advanced production machinery would allow us to maintain our competitiveness. As at the Latest Practicable Date, we had four offset presses, one of such presses was acquired by us in 2007 and is nearing the end of its useful life expectancy and one of which was acquired by us in 2009 and had an estimated remaining lifespan of one year. To enhance our production capability and capacity, we also propose to acquire a hybrid printer. It is for these reasons that the vast majority of the net proceeds from the Share Offer (of over 80%) are intended to be used for the acquisition of advanced production machinery possessing the advanced technological features. These new acquisitions will allow us to enhance our production capability and capacity, enabling us to offer more printing options to meet the trends of the industry and reducing our need to sub-contract various production processes in the future.

Our decision to invest in new advanced production machinery is reinforced by our belief that the business printing market still offers healthy growth prospects, with a projected growth with a CAGR of approximately 3.8% between 2017 and 2021, based on the Frost & Sullivan Report. Although the initial upfront capital investment in the printing market is high primarily due to the costs of the production machinery, after the initial investment in the production machinery, we will require relatively low capital input and hence subsequent capital investment will be relatively lower to support our potential growth in the coming years. The Listing will allow us to raise the necessary funding to support the initial upfront capital investment in the new five-colour offset press and new hybrid printer, the acquisition of which is crucial to maintain our edge in, among others, production capability and capacity, laying a good foundation for our future growth. If we are able to capture higher growth in the market and gain a higher market share, we will be able to generate a higher return to our shareholders after Listing.

For further details, please see “Future Plans and Use of Proceeds” in this prospectus

The Directors also believe that the Listing will enhance our corporate profile and the net proceeds from the Share Offer will strengthen our overall financial position and will enable our Group to implement our business plans set out in “Business — Business strategies” and “Future Plans and Use of Proceeds — Implementation plans” in this prospectus.

In order to maintain our market position and to capture the growth of the business printing services market in Hong Kong, our Directors are of the view that apart from the investment in production machinery, we should also keep investing in our business and raise additional capital for, in particular, expanding the geographical coverage of our store network, and the maintenance and upgrading of our information technology systems as such areas are also important to maintain our competitiveness in the market and capture future growth.

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## SUMMARY

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Prior to the Listing, funding of our business activities was primarily from our internally generated cash flow and lease financing. Hence, our Directors believe that the Listing is essential for the future development and expansion of our Group as not only can it broaden our equity financing alternatives to cover public investors, offering our Group access to capital market for corporate finance exercises to assist future business development, but also enable us to seek bank financing at more favourable terms to finance our future business needs.

Our Directors are of the view that the Listing and the Share Offer will provide our Company with a more diversified shareholder base which could potentially lead to a more liquid market in the trading of the Shares. With the appointment of our independent non-executive Directors, we also believe our internal control and corporate governance practices will be enhanced following the Listing.

Apart from the listing of our Shares on GEM, our Directors have considered other fund raising options for our business plans, including debt financing and investor introduction. Our Directors consider that debt financing may incur additional interests and thus impose further financial burden on our Group in the long run. Furthermore, debt financing may subject our Group to lengthy due diligence review and negotiations with the banks in respect of a private company. Our Directors have also considered inviting potential investors to invest in our Group. In this regard, we have conducted the Pre-IPO Investments and proceeds of HK\$20.0 million have been raised.

Based on the above, our Directors believe that the Listing will be a more suitable fund-raising means to provide our Group with readily available funds for our business plans.

### STATISTICS OF THE SHARE OFFER

	Based on an Offer Price of	
	HK\$0.20 per Offer Share	HK\$0.24 per Offer Share
Market capitalisation ( <i>Note 1</i> )	HK\$180.0 million	HK\$216.0 million
Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of our Company per Share ( <i>Note 2</i> )	HK\$0.06	HK\$0.07

*Notes:*

1. The calculation of market capitalisation is based on 900,000,000 Shares expected to be in issue immediately upon completion of the Share Offer and the Capitalisation Issue without taking into account the Shares that may be allotted or issued pursuant to the exercise of any options which may be granted under the Share Option Scheme.
2. See “Unaudited Pro Forma Financial Information” in Appendix II to this prospectus for details regarding the assumptions and calculation basis used.

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## SUMMARY

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### **DIVIDEND**

We have not declared or paid any dividends during the Track Record Period and up to the Latest Practicable Date.

Our Group currently does not have a fixed dividend policy. Dividends to be declared and paid in the future will be subject to our Directors' discretion and will depend on our financial conditions, results of operations, cash availability, statutory and regulatory restrictions in relation thereto, future prospects, and any other factors that our Directors may consider relevant. Any declaration and payment as well as the amount of the dividends will be subject to our constitutional documents and the relevant laws.

### **HISTORICAL NON-COMPLIANCE**

During the Track Record Period, our Group failed to comply with certain statutory requirements applicable to our Group in Hong Kong, namely contravention of permitted usages set out in the Government lease, deed of mutual covenants and the occupation permits relating to certain leased properties and certain provisions of the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong). All such non-compliance incidents have been rectified as at the Latest Practicable Date. Please refer to “Business — Legal proceedings and legal compliance — Legal non-compliance” in this prospectus for further details of such non-compliance incidents and the rectification measures taken.

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## DEFINITIONS

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*In this prospectus, unless the context other requires, the following terms shall have the meanings set forth below. Certain technical terms are explained in “Glossary of Technical Terms” in this prospectus.*

“7M of FY2017”	the seven months ended 31 October 2016
“7M of FY2018”	the seven months ended 31 October 2017
“All In 1 Printing”	All In 1 Printing (Group) Limited (1站式印刷(集團)有限公司), a company incorporated in Hong Kong with limited liability on 21 May 2008, and an indirect wholly-owned subsidiary of our Company
“Application Form(s)”	<b>WHITE</b> Application Form(s), <b>YELLOW</b> Application Form(s) and <b>GREEN</b> Application Form(s), individually or collectively, as the context may require
“Application Lists”	application lists for the Public Offer
“Articles of Association” or “Articles”	the articles of association of our Company, conditionally adopted on 26 February 2018 to take effect on the Listing Date, a summary of which is set forth in “Summary of the Constitution of our Company and the Cayman Islands Company Law” in Appendix III to this prospectus
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	our board of Directors
“business day”	any day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are normally open for business
“Business Transfers”	the Startec Business Transfer, the Universe Printing Business Transfer and the Print Shop Business Transfer
“Capitalisation Issue”	the issue of 674,986,666 Shares to be made upon capitalisation of part of the amount standing to the credit of the share premium account of our Company as referred to in “Statutory and General Information — A. Further information about our Company and our subsidiaries — 5. Written resolutions of our Shareholders passed on 26 February 2018” in Appendix IV to this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

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## DEFINITIONS

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“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct participant or a general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant
“Chairman”	chairman of our Board, Mr. Chau
“close associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Companies Law” or “Cayman Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Companies Registry”	the Companies Registry of Hong Kong
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Company”	Universe Printshop Holdings Limited (環球印館控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 27 April 2017 and registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 26 May 2017
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“connected transaction(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Controlling Shareholder”	has the meaning ascribed to it thereto under the GEM Listing Rules, and for the purpose of our Company, means Mr. Chau
“core connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules

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## DEFINITIONS

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“Counsel”	Mr. Chung Kin Hong Kenneth, barrister-at-law of Hong Kong, legal adviser to our Company as to certain aspects of the Hong Kong laws in relation to the Listing
“Credit Customers”	customers who maintain a credit account with our Group
“Deed of Indemnity”	the deed of indemnity dated 26 February 2018 executed by our Controlling Shareholder in favour of our Company (for ourselves and as trustee for our subsidiaries) regarding certain indemnities, details of which are set out in “Statutory and General Information — E. Other information — 1. Tax and other indemnities” in Appendix IV to this prospectus
“Deed of Non-competition”	the deed of non-competition dated 26 February 2018 executed by our Controlling Shareholder in favour of our Company (for ourselves and as trustee for our subsidiaries) regarding non-competition undertakings, details of which are set out in “Relationship with our Controlling Shareholder — Non-Competition Undertaking” in this prospectus
“Director(s)”	the director(s) of our Company
“Existing Shareholders”	existing Shareholders of our Company as at the Latest Practicable Date, namely, Mr. Chau, Mr. Hsu, Mr. Leung, Mr. Wong, Mr. Wang, Mr. Chia, Ms. Ip and Mr. Liu
“Former Group”	collectively, the Former Group Entities and the business of our Group operated by them in respect of the period before the completion of the Business Transfers
“Former Group Entities”	Former Print Shop, Former Startec and Former Universe Printing
“Former Print Shop”	various partnerships named as “Print Shop” which carried on business under the trade name of “Print Shop” and the first of which commenced business on 13 April 2005 and subsequently with only one of them continued in existence since 1 January 2007. Immediately prior to the Print Shop Business Transfer, Mr. Chau, Mr. Leung and Mr. Wang were the three partners to such partnership

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## DEFINITIONS

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“Former Startec”	Startec Colour Separation Company Limited (星達製版有限公司), a company incorporated in Hong Kong with limited liability on 30 November 2001 (formerly known as “Samfine Color-Separation Co. Limited (星輝分色有限公司)” on incorporation, and subsequently changed its name to “Samfine Color Separation Co. Limited (星輝分色有限公司)”, “Startec Colour Separation Co. Limited (星達製版有限公司)”, “Startec Colour Separation Printing Limited (星達製版印刷有限公司)” and “Startec Colour Separation Company Limited (星達製版有限公司)” on 14 December 2001, 21 January 2002, 22 August 2012 and 17 April 2015 respectively). Immediately prior to the Startec Business Transfer, Former Startec was held as to 51% and 49% by Mr. Chau and Mr. Wong respectively
“Former Universe Printing”	Universe Printing Company Limited (環球印刷有限公司), a company incorporated in Hong Kong with limited liability on 26 November 2003 (formerly known as “Universe Production Limited (環球制作有限公司) until its name changed to its current name on 23 April 2007). Immediately prior to the Universe Printing Business Transfer, Former Universe Printing was held as to 44%, 40%, 10%, 3% and 3% by Mr. Chau, Mr. Hsu, Ms. Mok (as nominee of Mr. Leung), Mr. Wang and Former Startec respectively
“Frost & Sullivan”	Frost & Sullivan International Limited, an Independent Third Party, being a professional market research company
“Frost & Sullivan Report”	the commissioned report on the market overview and competitive analysis for the business printing industry in Hong Kong compiled by Frost & Sullivan, the content of which is quoted in this prospectus
“FY”	the financial year ended or ending 31 March
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“GREEN Application Form(s)”	the form(s) of application to be completed by the <b>HK eIPO White Form</b> Service Provider designated by our Company
“Group”, “our Group”, “we”, “our” or “us”	our Company and its subsidiaries at the relevant time or, where the context refers to any time prior to our Company becoming the holding company of our present subsidiaries, such subsidiaries and the business carried on by such subsidiaries or (as the case may be) our predecessors, and “we”, “our” or “us” shall be construed accordingly

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## DEFINITIONS

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“ <b>HK eIPO White Form</b> ”	the application for Public Offer Shares to be issued in the applicant’s own name by submitting application online through the designed website at <a href="http://www.hkeipo.hk">www.hkeipo.hk</a>
“ <b>HK eIPO White Form Service Provider</b> ”	the <b>HK eIPO White Form</b> service provider designated by our Company, as specified on the designed website at <a href="http://www.hkeipo.hk">www.hkeipo.hk</a>
“ <b>HKAS</b> ”	Hong Kong Accounting Standards
“ <b>HKFRS</b> ”	Hong Kong Financial Reporting Standards issued by HKICPA
“ <b>HKICPA</b> ”	Hong Kong Institute of Certified Public Accountants
“ <b>HKSCC</b> ”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“ <b>HKSCC Nominees</b> ”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“ <b>Hong Kong</b> ”	the Hong Kong Special Administrative Region of the PRC
“ <b>Hong Kong Branch Share Registrar</b> ”	Tricor Investor Services Limited, being the branch share registrar and transfer office of our Company in Hong Kong
“ <b>Hong Kong Legal Adviser</b> ”	Iu, Lai & Li, a firm of solicitors in Hong Kong and legal adviser of our Company as to Hong Kong laws in relation to the Listing
“ <b>Independent Third Party(ies)</b> ”	an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the GEM Listing Rules) any directors, chief executive officer or substantial shareholders of our Company, our subsidiaries or any of their respective associates
“ <b>Issuing Mandate</b> ”	the unconditional mandate granted to our Directors to allot and issue Shares pursuant to the resolutions set forth in “Statutory and General Information — A. Further information about our Company and our subsidiaries — 5. Written resolutions of our Shareholders passed on 26 February 2018” in Appendix IV to this prospectus
“ <b>Joint Bookrunners</b> ” and “ <b>Joint Lead Managers</b> ”	Ballas Capital Limited, Changjiang Securities Brokerage (HK) Limited, Infast Brokerage Limited and Zhong Jia Securities Limited acting as joint bookrunners and joint lead managers for the Share Offer
“ <b>kg</b> ”	kilogram



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## DEFINITIONS

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“Latest Practicable Date”	5 March 2018, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information in this prospectus
“Listing”	the Listing of our Shares on GEM
“Listing Date”	the date, expected to be on or about Wednesday, 28 March 2018, on which our Shares are listed and from which dealings in our Shares commence on the Stock Exchange
“Memorandum” or “Memorandum of Association”	the memorandum of association of our Company, as amended from time to time
“Mr. Chau”	Mr. Chau Man Keung (周文强), being our executive Director, Chairman and Controlling Shareholder
“Mr. Chia”	Mr. Chia Kar Hin Eric John (謝嘉軒), being one of the Pre-IPO Investors, an Existing Shareholder and a substantial shareholder of our Company upon Listing
“Mr. Hsu”	Mr. Hsu Ching Loi (許清耐), being our executive Director and chief executive officer, an Existing Shareholder and a substantial shareholder of our Company upon Listing
“Ms. Ip”	Ms. Ip Bronte Wing Hang (葉穎恒), being one of the Pre-IPO Investors, an Existing Shareholder and a Shareholder upon Listing
“Mr. Leung”	Mr. Leung Yuet Cheong (梁悅昌), being our executive Director, an Existing Shareholder and a Shareholder upon Listing
“Mr. Liu”	Mr. Liu Tin Chak Arnold (廖天澤), being one of the Pre-IPO Investors, an Existing Shareholder and a Shareholder upon Listing
“Ms. Mok”	Ms. Mok Chun Ngor (莫春娥), the spouse of Mr. Leung
“Ms. Siu”	Ms. Siu Man Yam (蕭敏音), the spouse of Mr. Chau
“Mr. Wang”	Mr. Wang Hsiung Yu (王雄育), being an Existing Shareholder and a Shareholder upon Listing
“Mr. Wong”	Mr. Wong Man Hin Joe (黃文軒), being our executive Director, an Existing Shareholder and a Shareholder upon Listing

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## DEFINITIONS

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“Net Printshop”	Net Printshop Limited, a company incorporated in Hong Kong with limited liability on 6 February 2017, and an indirect wholly-owned subsidiary of our Company
“Non-Credit Customers”	customers who do not maintain a credit account with our Group
“Non-store Sales”	sales comprising (i) orders placed by Credit Customers directly with our sales team; and (ii) orders placed from our websites
“Offer Price”	the final price per Offer Share in Hong Kong dollars (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) at which the Offer Shares are to be subscribed for or purchased pursuant to the Share Offer, to be determined in the manner further described in “Structure and Conditions of the Share Offer — Pricing” in this prospectus
“Offer Share(s)”	the Public Offer Share(s) and the Placing Share(s)
“Placing”	the conditional placing of the Placing Shares by the Placing Underwriter(s) on behalf of the Company for cash at the Offer Price as described in “Structure and Conditions of the Share Offer” in this prospectus
“Placing Shares”	the 202,500,000 new Shares initially being offered by us for subscription at the Offer Price under the Placing as described in “Structure and Conditions of the Share Offer” in this prospectus
“Placing Underwriter(s)”	the underwriter(s) of the Placing Shares, who are expected to enter into the Placing Underwriting Agreement to underwrite the Placing Shares
“Placing Underwriting Agreement”	the conditional placing underwriting agreement relating to the Placing expected to be entered into on or about the Price Determination Date by, among others, our Company, the Joint Bookrunners, the Joint Lead Managers and the Placing Underwriters
“PRC”	the People’s Republic of China and, except where the context otherwise requires and for the purpose of this prospectus only, does not include Hong Kong, the Macau Special Administrative Region and Taiwan
“Predecessor Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) previously in force prior to 3 March 2014

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## DEFINITIONS

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“Pre-IPO Investment Agreements”	the three separate agreements for the issuance and placement of new shares (股份增發及配售協議書), all dated 8 November 2016, each entered into between one of the Pre-IPO Investors and Universe Printshop separately in respect of the Pre-IPO Investments made by the relevant Pre-IPO Investor
“Pre-IPO Investments”	the subscription of an aggregate of 3,334 shares of Universe Printshop, representing approximately 25.00% of the issued shares capital of Universe Printshop as enlarged by such subscription, by the Pre-IPO Investors, with 2,267 shares by Mr. Chia, 667 shares by Ms. Ip and 400 shares by Mr. Liu pursuant to the relevant Pre-IPO Investment Agreements entered into between each of the Pre-IPO Investors separately with Universe Printshop, which was completed on 15 November 2016
“Pre-IPO Investors”	collectively, Mr. Chia, Ms. Ip and Mr. Liu
“Price Determination Agreement”	the agreement to be entered into between our Company and the Joint Lead Managers (for themselves and on behalf of the other Underwriters) on or before the Price Determination Date to record and fix the Offer Price
“Price Determination Date”	the date, expected to be on or about Wednesday, 21 March 2018 and in any event not later than Monday, 26 March 2018, on which the Offer Price will be fixed for the purpose of the Share Offer
“Print Shop Business Transfer”	the transfer of all the then business carried on by Former Print Shop to Print Shop Limited on 1 January 2015 pursuant to the Print Shop Business Transfer Agreement
“Print Shop Business Transfer Agreement”	the transfer of business agreement dated 31 December 2014 entered into between Former Print Shop as vendor and Print Shop Limited as purchaser in relation to the transfer of all the business carried on by Former Print Shop to Print Shop Limited
“Print Shop Limited”	Print Shop Limited (印館有限公司), a company incorporated in Hong Kong with limited liability on 29 August 2005, and an indirect wholly-owned subsidiary of our Company
“Public Offer”	the conditional offer of the Public Offer Shares for subscription by the members of public in Hong Kong for cash at the Offer Price (plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), payable in full on application, and subject to the terms and conditions described in “Structure and Conditions of the Share Offer” in this prospectus and the Application Forms

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## DEFINITIONS

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“Public Offer Shares”	22,500,000 new Shares initially being offered for subscription under the Public Offer at the Offer Price, subject to re-allocation as described in “Structure and Conditions of the Share Offer” in this prospectus
“Public Offer Underwriters”	the underwriters of the Public Offer listed in “Underwriting — Public Offer Underwriters” in this prospectus
“Public Offer Underwriting Agreement”	the conditional underwriting agreement dated 12 March 2018 relating to the Public Offer entered into, among others, our Company, the Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters, particulars of which are summarised in “Underwriting” in this prospectus
“Reorganisation”	the reorganisation arrangements undertaken by our Group in preparation for the Listing, which are described in more details in “History, Reorganisation and Corporate Structure” in this prospectus
“Repurchase Mandate”	the general unconditional mandate to repurchase Shares given to our Directors by our Shareholders, particulars of which are set forth in “Statutory and General Information — A. Further information about our Company and our subsidiaries — 5. Written resolutions of our Shareholders passed on 26 February 2018” in Appendix IV to this prospectus
“Senior Counsel”	Mr. Li Chau Yuen, Senior Counsel, barrister-at-law of Hong Kong, legal adviser to our Company as to certain aspects of the Hong Kong laws in relation to the Listing
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of our Company with a nominal value of HK\$0.01 each
“Share Offer”	the Public Offer and the Placing
“Share Option Scheme”	the share option scheme of our Company conditionally adopted on 26 February 2018, the principal terms of which are summarised in “Statutory and General Information — D. Share Option Scheme” in Appendix IV to this prospectus
“Shareholder(s)”	holder(s) of Share(s)

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## DEFINITIONS

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“Shenzhen Sub-contractor”	深圳市印館數碼科技有限公司 (in English, for identification only, Shenzhen Yin Guang Digital Technology Co., Ltd.), a domestic company incorporated in the PRC with limited liability, which was our ink-jet printing service sub-contractor during the Track Record Period (up to and including 30 September 2017) and an Independent Third Party
“Sole Sponsor” or “Sponsor”	Ballas Capital Limited, a corporation licensed to engage in Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the sponsor of the Listing
“Startec Business Transfer”	the transfer of all the then business carried on by Former Startec to Startec Colour Separation Printing on 1 April 2015 pursuant to the Startec Business Transfer Agreement
“Startec Business Transfer Agreement”	a transfer of business agreement dated 31 March 2015 entered into between Former Startec as vendor and Startec Colour Separation Printing as purchaser in relation to the transfer of all the business carried on by Former Startec to Startec Colour Separation Printing
“Startec Colour Separation Printing”	Startec Colour Separation Printing Limited (星達製版印刷有限公司), a company incorporated in Hong Kong with limited liability on 23 March 2015 and previously known as Worldwide Golden Star Limited (環球金星有限公司) until its name changed to its present name on 27 April 2015, and an indirect wholly-owned subsidiary of our Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Store Sales”	sales comprising orders placed at our stores in Hong Kong
“subsidiary(ies)”	has the meaning ascribed thereto under the GEM Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers, as may be amended, supplemented or otherwise modified from time to time
“Track Record Period”	the period comprising the two financial years ended 31 March 2017 and the seven months ended 31 October 2017
“Underwriters”	the Placing Underwriters and the Public Offer Underwriters

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## DEFINITIONS

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“Underwriting Agreements”	the Placing Underwriting Agreement and the Public Offer Underwriting Agreement
“Universe Printing”	Universe Printing Holdings Limited (環球印刷集團有限公司), a company incorporated in Hong Kong with limited liability on 18 March 2015, and an indirect wholly-owned subsidiary of our Company
“Universe Printing Business Transfer”	the transfer of all the then business carried on by Former Universe Printing to Universe Printing on 1 April 2015 pursuant to the Universe Printing Business Transfer Agreement
“Universe Printing Business Transfer Agreement”	the transfer of business agreement dated 31 March 2015 entered into between Former Universe Printing as vendor and Universe Printing as purchaser in relation to the transfer of all the business carried on by Former Universe Printing to Universe Printing
“Universe Printshop”	Universe Printshop Limited (環球印館有限公司) (formerly known as “Ricky Groups Ltd.” until its name changed to its current name on 22 March 2017), an exempted company incorporated in the Cayman Islands with limited liability on 8 January 2015, and a direct wholly-owned subsidiary of our Company
“ <b>WHITE</b> Application Form(s)”	the form(s) of application for the Public Offer Shares for use by the public who require such Public Offer Shares to be issued in the applicant’s own name
“ <b>YELLOW</b> Application Form(s)”	the form(s) of application for the Public Offer Shares for use by the public who require such Public Offer Shares to be deposited directly into CCASS
“%”	per cent.

*Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Unless otherwise stated, all the numerical figures are rounded to one decimal place. Any discrepancy in any table between totals and sums of individual amounts listed in any table are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.*

*Unless expressly stated or the context otherwise requires, all data in this prospectus is as at the date of this prospectus.*

*All times and dates refer to Hong Kong local time and dates unless otherwise stated.*

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## GLOSSARY OF TECHNICAL TERMS

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*This glossary contains explanations of certain terms used in this prospectus. These terms and their meanings may or may not correspond to standard industry meaning or usage of these terms.*

“CAGR”	acronym for compound annual growth rate
“digital printing”	the printing technology which prints directly on a variety of substrates based on a digital-based image
“ERP system”	acronym for “Enterprise Resource Planning system”, a software-packaged system which integrates several data sources and processes of an organisation into a single unified system
“GDP”	acronym for gross domestic product
“ink-jet printing”	the digital printing technology that sprays electronically charged droplets of ink onto various substrate including paper and plastic
“lamination”	the process through which paper and laminating materials are bound together
“offset printing”	a widely used printing technology where the image is firstly transferred from the image carrier (i.e. zinc printing plate) to the blanket cylinder and then to the substrate
“post-press”	a term used in the printing industry for the processes and procedures that take place after the printing, which include cutting, folding, assembling, UV spotting, embossing, vanishing and binding
“pre-press”	a term used in the printing industry for the processes and procedures that take place between the creation of a print layout and the final printing
“SME(s)”	manufacturing enterprises with fewer than 100 employees and non-manufacturing enterprises with fewer than 50 employees are regarded as small and medium enterprises in Hong Kong
“toner-based digital printing”	the digital printing technology which adopts toner, a powdery substance, to form the printed content usually used by laser printers

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## GLOSSARY OF TECHNICAL TERMS

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“UV spotting”	the process by which varnish is to be applied to the selected areas of printed objects and the objects are then exposed to ultraviolet lights, in order to provide the printed object with a higher resistance to abrasion and to achieve highlighting effect
“zinc printing plate”	a plate which is made of zinc used in printing processes and used as an offset plate, transferring ink onto printing paper or other substrates



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## FORWARD-LOOKING STATEMENTS

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This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties, including the risk factors described in this prospectus. Forward-looking statements can be identified by words such as “may”, “will”, “should”, “would”, “could”, “believe”, “expect”, “anticipate”, “intend”, “plan”, “continue”, “seek”, “estimate”, or the negative of these terms or other comparable terminology. Examples of forward-looking statements include, but are not limited to, statements we make regarding our business strategies, development activities, estimates and projections, expectations concerning future operations, profit margins, profitability, dividend policy, competition and the effects of regulation.

Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. We give no assurance that these expectations and assumptions will prove to have been correct. Although these forward-looking statements are made by our Directors after due and careful consideration, these statements reflect the current views of the management of our Group with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described in “Risk Factors” in this prospectus. Should one or more of the risks or uncertainties materialise, or should the underlying assumptions prove to be incorrect, our financial condition may be adversely affected and may vary materially from those described herein as anticipated, believed, estimated or expected. Accordingly, such statements are neither statements of historical fact nor guarantees or assurances of future performance. Hence, you should not place undue reliance on such forward-looking statements.

Important factors that could cause our actual results to differ materially from those in the forward-looking statements include, but are not limited to, regional, national or global political, economic, business, competitive, market and regulatory conditions and the following:

- our business strategies and plan of operations;
- our capital commitment plans and funding requirements;
- our operations and business prospects, including development plans for our business;
- our ability to materialise and manage our planned business expansion;
- our ability to identify suitable locations for our stores on commercially reasonable lease terms;
- our ability to attract customers and maintain customer loyalty;
- our ability to retain senior management team members and recruit qualified and experienced new team members;
- our ability to maintain our competitiveness and operational efficiency;
- our prospective financial condition;

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## FORWARD-LOOKING STATEMENTS

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- our ability to protect our brand, trademarks or other intellectual property rights;
- general economic market and business and financial condition in Hong Kong and globally;
- laws, regulations and rules for the business printing industry with retail channels in Hong Kong;
- future trends, developments and condition in the business printing industry with retail channels in Hong Kong;
- certain statements in “Financial Information” in this prospectus with respect to trends in prices, volumes and operations; and
- other factors that are described in “Risk Factors” in this prospectus.

Any forward-looking statement made in this prospectus applies only as at the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. Subject to the requirements of applicable laws, rules and regulations, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future developments or otherwise. All forward-looking statements contained in this prospectus are qualified by reference to this cautionary statement.

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## RISK FACTORS

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### RISKS RELATING TO OUR BUSINESS

**We do not enter into any long-term contract with our customers and our sales depend on the demand from our customers.**

During the Track Record Period, we had a diversified customers' base. For FY2016, FY2017 and 7M of FY2018, our top five customers were Independent Third Parties, and they generated revenue of approximately HK\$6.9 million, HK\$7.5 million HK\$5.6 million, representing approximately 5.6%, 5.6% and 6.9% of our total revenue respectively.

We do not enter into any long-term contract with our customers and our sales are derived on an order-by-order basis. Our customers' demand for our services is beyond our control and may fluctuate from time to time. Our growth and success rely on our ability to retain existing customers and attract new customers, which is affected by various factors such as our sales coverage, service quality, marketing strategies, market demand for our services and the degree of competition in the market. There is no assurance that our customers will continue to place orders with us. Therefore, our results of our business may vary from period to period and may fluctuate significantly in the future.

**Our business is subject to fluctuation of purchase costs for raw materials and staff costs.**

Our profitability depends on our control of cost of production and ability to anticipate and respond to fluctuations in purchase costs of raw materials. For FY2016, FY2017 and 7M of FY2018, the costs of raw materials consumed contributed to approximately 36.4%, 33.3% and 29.2% of our cost of sales, respectively. Paper is our principal raw material and its purchase costs for FY2016, FY2017 and 7M of FY2018 amounted to approximately HK\$26.2 million, HK\$26.4 million and HK\$14.6 million respectively, accounting for approximately 28.0%, 25.8% and 24.0% of our cost of sales for FY2016, FY2017 and 7M of FY2018, respectively. In addition, our purchases of zinc printing plates, which are one of the principal raw materials that we use in our offset printing services, for FY2016, FY2017 and 7M of FY2018 amounted to approximately HK\$4.0 million, HK\$3.3 million and HK\$1.1 million respectively, accounting for approximately 4.3%, 3.2% and 1.9% of our cost of sales for the respective periods.

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. We cannot guarantee that we can anticipate and respond to the changes in prices of our principal raw materials or transfer the increase in costs of raw materials to our customers effectively.

It is noted in the Frost & Sullivan Report that the paper price has experienced a sharp increase in the PRC since the end of 2016 and is expected to remain relatively stable since the second half of 2017 and that the price of the zinc printing plate is expected to show an upward trend in the following three years as a result of limited supply of zinc sources from zinc mines globally. Any increase in price in any of the raw materials required for our printing services may adversely affect our profitability and results of operation. For the sensitivity analysis in relation to changes in raw materials costs, please see "Financial Information — Key factors affecting our financial position and results of our operations — Cost of raw materials" in this prospectus.

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## RISK FACTORS

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Our Group attracts, motivates and retains qualified employees by offering competitive wages and other benefits to them. As the labour costs in Hong Kong continue to increase in recent years, the salary level of employees has generally increased as well. The staff costs (inclusive of remuneration of our executive Directors) accounted for approximately 20.5%, 20.2% and 20.4% of our revenue for FY2016, FY2017 and 7M of FY2018, respectively. Our operation and financial performances may be adversely affected if there is any significant increase in staff costs. For the sensitivity analysis in relation to changes in staff costs, please see “Financial Information — Key factors affecting our financial position and results of our operations — Staff cost” in this prospectus.

**We 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.**

We sub-contract certain production procedures and printing services to sub-contractors who are printing service providers. During the Track Record Period, we have transacted with over 100 sub-contractors. For FY2016, FY2017 and 7M of FY2018, sub-contracting fees paid by our Group to our sub-contractors amounted to approximately HK\$33.2 million, HK\$40.6 million and HK\$27.0 million respectively, representing approximately 35.5%, 39.6% and 44.4% of our cost of sales for the respective periods. For the sensitivity analysis in relation to changes in sub-contracting fee, please see “Financial Information — Key factors affecting our financial position and results of our operations — Our ability to control our sub-contracting costs” in this prospectus.

Save for the Shenzhen Sub-contractor and the undertaking given to us by Supplier G, we have not entered into any long-term contracts with our sub-contractors. During the Track Record Period, sub-contracting arrangement was assigned to sub-contractors on a case-by-case basis. All our sub-contractors during the Track Record Period and as at the Latest Practicable Date were Independent Third Parties. We may fail to retain them or find a suitable alternative sub-contractor in a timely manner or on comparable terms if any sub-contractor refuses to take orders from us. Also, it cannot be assured that we can monitor the performance of our sub-contractors as directly and effectively as we monitor our staff members. In case our sub-contractors fail to meet our deadlines or required standards, our business and reputation may be adversely affected.

During FY2016, FY2017 and 7M of FY2018, revenue attributable to ink-jet printing services accounted for approximately 10.2%, 10.4% and 12.4% of our total revenue respectively. During the Track Record Period, a substantial portion of our work in relation to the ink-jet printing services was sub-contracted to the Shenzhen Sub-contractor which was our sole sub-contractor for work of this nature up to and including 30 September 2017 when the business and related assets of the Shenzhen Sub-contractor were acquired by Supplier G, a direct wholly-owned subsidiary of Supplier F, whereupon Supplier G became the sole sub-contractor for ink-jet printing services. Prior to the business and the related assets of the Shenzhen Sub-contractor being acquired by Supplier G, we entered into a framework agreement with the Shenzhen Sub-contractor for the provision of processing services by the Shenzhen Sub-contractor. Subsequent to Supplier G acquiring the business and the related assets of the Shenzhen Sub-contractor, Supplier G has undertaken to our Group that it would replace and perform all of the Shenzhen Sub-contractor’s obligations under the framework agreement. We cannot assure you that Supplier G will perform or continue to perform its obligations under such undertaking or the products produced by it will meet the standards required by our customers. In case Supplier G fails to perform and we fail to find a replacement sub-contractor to take up the

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## RISK FACTORS

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sub-contracted work in a timely manner or utilise our own production capacity to meet the customers' orders, our business and reputation may be adversely affected. For further information in relation to Supplier G and our sub-contracting arrangements, please refer to "Business — Raw Materials and our Suppliers" and "Business — Sub-contracting" in this prospectus respectively.

In addition, if our 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 our work. We may then have to locate and appoint another sub-contractor for replacement at additional cost, which lowers our profit margin.

### **We have records of certain non-compliance with Hong Kong statutory requirements.**

Our Group has on various occasions not fully complied with certain statutory requirements, namely contravention of permitted usages set out in the Government lease, deed of mutual covenants and occupation permits relating to certain leased properties and certain provisions of the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong). For details, please see "Business — Legal proceedings and legal compliance — Legal non-compliance" in this prospectus. There is no assurance that the relevant authorities would not take any enforcement action against us and our Directors in relation to the non-compliance, including but not limited to imposing fines or other penalties. In the event that such enforcement action is taken, our reputation, cash flow and results of operations may be adversely affected.

### **We experienced net current liabilities during the Track Record Period.**

As at 31 March 2016, we had net current liabilities of approximately HK\$11.7 million while as at 31 March 2017, we had net current assets of approximately HK\$15.8 million. As at 31 October 2017, we had net current assets of approximately HK\$13.3 million. For details, please see "Financial Information — Liquidity and capital structure — Current assets and current liabilities" in this prospectus. The improvement from a net current liabilities of approximately HK\$11.7 million as at 31 March 2016 to a net current assets of approximately HK\$15.8 million as at 31 March 2017 was mainly because of the effect of our profit generated in FY2017 and cash proceeds from the Pre-IPO Investments of HK\$20.0 million in FY2017. Our net current liabilities position exposes us to liquidity risks. Our future liquidity, the payment of trade and other payables and repayment of our outstanding debts will primarily depend on our ability to generate adequate cash inflows from our operations and sufficient external financing. We cannot assure you that we will not have net current liabilities in the future. If we fail to secure adequate funds as working capital, our financial conditions and results of operations will be adversely affected.

### **We may face shortage in supply of our raw materials.**

To deliver printing services with fast turnaround time and meet the expectation of our customers, we have to be able to procure raw materials in a timely manner. As at the Latest Practicable Date, we did not enter into any long-term contract with our suppliers. We have relied on a few suppliers for

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## RISK FACTORS

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some of our raw materials during the Track Record Period. There is no assurance that we 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 our business, results of operation and reputation.

**We rely on our management team and skilled labour in operating our business.**

One of the key factors contributing to our success is our experienced executive Directors and senior management team. Their extensive experience and knowledge in the printing industry helps formulate and implement business strategy and foster growth of our business. We particularly rely on our Chairman, Mr. Chau, and our other executive Directors, namely Mr. Hsu, Mr. Leung and Mr. Wong in the overall management, strategic planning and development, and the daily operation of our Group (including procurement, production procedures, pricing strategy and sales and marketing). The loss of services of any of our executive Directors or senior management members without timely and suitable replacement may cause disruption or loss of our business operation and prospects. Please refer to “Directors, Senior Management and Employees” for more details about the experience and roles of our executive Directors and senior management.

In addition to our management team, our Group’s daily operation relies on our skilled labour to oversee and perform the production procedures. Should we fail to retain and recruit our skilled labour, our operation and business will be adversely and materially affected.

**Emergence of online ordering platforms may adversely affect the results of operation of our Group.**

For FY2016, FY2017 and 7M of FY2018, our revenue derived from Store Sales amounted to approximately 84.4%, 84.5% and 83.7% of our revenue in the respective years/period. It is a trend for printing service providers to introduce online ordering platforms as an additional sales channel. Online ordering platforms enable customers to gain product information and place orders throughout the day, providing more convenient and accessible services. The emergence of online ordering platforms may have an adverse impact on the demand for our services and our Store Sales since customers may prefer ordering through online ordering platforms. We cannot assure you that our online ordering platform is as competitive as those of other printing service providers.

**Unexpected and prolonged disruption of our operation could adversely affect our business.**

Smooth and continuous operation of our production facilities is the key to our success. Our operation is susceptible to risks such as breakdown of machines, software failure, fire, flood, power loss, terrorist attacks or other natural or man-made disasters. If any of the events above occurs, we cannot assure that our disrupted operation can resume within a reasonable period of time, thereby adversely affecting our business and prospects.

There is no assurance that our insurance policies in respect of our properties, production sites, equipment and machinery and our employees are sufficient to cover any or all of our risks and losses. In the event that our insurance policies do not or cannot sufficiently compensate for losses we incur, we have to bear the difference on our own, and as a result, our business, financial condition and results of operation may be materially and adversely affected.

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## RISK FACTORS

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**We may not be able to obtain additional necessary capital for our operations and growth on acceptable terms at all.**

Our business operations depend on our ability to meet anticipated cash needs for the foreseeable future. We may, however, require additional cash because of changes in business conditions or future development. If we do not have sufficient resources to support these changes, we may resort to selling additional equity, issuing debt securities or obtaining credit facilities. The sale of convertible debt securities or additional equity securities, including the Offer Shares, could cause further dilution to our Shareholders. The incurrence of indebtedness would increase our debt service obligations and could result in operating and financing covenants that would restrict our operations and liquidity.

There is no assurance that we could obtain financing in amounts or on terms which are acceptable to us or at all. If we fail to raise additional funds on favourable terms, our liquidity and financial conditions may be materially and adversely affected.

**We lease the premises in which we carry out our business. We face risk in rental increment and may not be able to renew our lease agreements successfully.**

As at the Latest Practicable Date, most of our properties used for our business were leased from Independent Third Parties. We therefore face fluctuation in rental prices from time to time. Rental expenses, management fee, government rent and rates (excluding water, gas and electricity charges) represented approximately 6.6%, 6.6% and 6.6% of our total revenue for FY2016, FY2017 and 7M of FY2018. Based on the terms of current leases, ten of our existing store leases will expire on or before 31 March 2019. In the event the rental expenses for our existing leased properties increase drastically when we renew the relevant tenancy upon expiry, our operating expenses and operating cash flow will increase, thereby materially and adversely affecting our business, results of operation and prospects. Potential investors should also note that our rental expenses will also be increased in future as we expand our store network whereby we will rent more properties. Such increase in rental expenses may also materially and adversely affect our results of operations.

Furthermore, there is no assurance we will successfully renew the lease agreements for our existing properties on commercially acceptable terms or these lease agreements will not be terminated before their expiry. Renewal and early termination are subject to factors beyond our control such as economic and market conditions. We also cannot assure you that we will be able to identify suitable and convenient locations as replacement or additional stores for our expansion plan as described in “Business — Business Strategies — Expanding the geographical coverage of our store network” in this prospectus. In the event we fail to relocate to alternative premises in a timely manner and shut down our operation or reduce our network coverage, our business, results of operation and prospects will be adversely and materially affected. Even if we are able to identify suitable locations as replacement and new stores, we need to incur additional resources for renovation and relocation and such will result in adverse impact on our results of operations.



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## RISK FACTORS

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**Production capacity of our newly acquired machines may not be fully utilised or utilised as we have planned.**

We plan to acquire two new printing machines to enhance our production capability and capacity by the six months ending 30 September 2018 which will be substantially financed by the net proceeds from the Share Offer. We cannot assure that we will be able to utilise the additional production capacity fully after our newly acquired machines commence operation. Any failure to do so will result in our Group incurring expenses, and perhaps losses, without significant increase in our revenue.

**We may face credit risk in respect of our trade receivables.**

The credit risk exposed to our Group mainly arises from trade receivables from customers. Trade receivables are normally due within 30 to 90 days from invoice date. As at 31 March 2016, 31 March 2017 and 31 October 2017, our trade receivables amounted to approximately HK\$8.5 million, HK\$9.0 million and HK\$13.8 million respectively and during the Track Record Period, we recorded provision for impairment loss on trade receivables of approximately HK\$166,000 and wrote off trade receivables of approximately HK\$71,000. We cannot assure you that trade receivables are collected and will not be impaired. If significant amount of trade receivables is to be written off, the results of operations of our Group will be adversely affected.

**Our future financial performance will be affected by additional administrative expenses after the Listing.**

In addition to the listing expenses that we have incurred and will incur as mentioned in “Summary — Listing Expenses” in this prospectus, after the Listing, our Group’s operation will be subject to the GEM Listing Rules and other applicable laws, rules and regulations applicable to listed issuers in Hong Kong and we will incur additional administrative expenses in connection with our on-going compliance with the applicable requirements. The incurrence of such additional administrative expenses will have a negative impact on our future results of operations.

**Our future plan and growth strategies may not materialise.**

Our Group’s future plans as described in “Future Plans and Use of Proceeds” in this prospectus are based on our current intentions and assumptions. The future execution may be subject to capital investment and human resources constraints. Furthermore, our expansion plan may also be susceptible to other external factors, such as the general market conditions, economic and political environment of Hong Kong, the PRC and the world. Therefore, our expansion plan may not materialise in accordance with the timetable or at all.

### RISKS RELATING TO THE INDUSTRY

**We face keen competition in the business printing industry.**

The overall business printing industry of Hong Kong is fragmented as the business printing market includes a wide variety of downstream demands while the business printing market with retail channels is dominated by a few companies (including our Group) which have already established



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sophisticated retail network and strong reputation among commercial and individual customers. According to the Frost & Sullivan Report, the top five players (including our Group) in the Hong Kong business printing market with retail channels accounted for approximately 88.6% of the market share in 2016. We also face competition from new entrants which penetrate the market by deliberately setting their prices below ours. In addition, based on the Frost & Sullivan Report, plenty of Hong Kong printing service providers have moved their printing factories to the PRC and by doing so, such Hong Kong printing service providers will be able to decrease their production costs with the quality of products maintained. Our Directors expect that such trend in the business printing industry may intensify the competition in the industry.

There is no assurance that we can effectively compete against these competitors in terms of product quality, price, customer service or production capacity. There is also no guarantee that we can catch up with the latest technological advancement. Should we fail to respond strategically and compete successfully in the future, our business may be adversely affected.

**Hong Kong is our principal market and our business is susceptible to changes in the economic, social, political or regulatory environment in Hong Kong.**

Hong Kong is our principal market and all our production facilities and most of our suppliers are located in Hong Kong. All of our revenue was generated in Hong Kong during the Track Record Period. We expect Hong Kong will continue to be our principal market in the future. Therefore, if Hong Kong experiences any adverse changes in the economic, social, political or regulatory environment due to events beyond our control, our business and results of operation would be materially and adversely affected.

Moreover, we do not have a business presence outside Hong Kong. We may not be able to relocate our business to other overseas markets in case Hong Kong experiences any adverse changes in economic, social, political and regulatory conditions.

**Our business is exposed to risk of infringement of third party intellectual property rights.**

We may receive print orders for materials that are covered by intellectual property rights protection. In the event our customers face any intellectual property rights claims, we may also become a party to such disputes. Such legal dispute may last for a long period and will require substantial cost and management's attention and may also adversely affect our image. Also, if the outcome is unfavourable to us, we may be ordered to pay substantial damages and legal costs, which we may not be able to be fully indemnified by our customers. Any infringement of third party intellectual property rights will have a material adverse impact on our results of operation and reputation.

**Our performance may be adversely affected by natural disasters, acts of God and occurrence of epidemics.**

Our business is subject to general economic and social conditions around the world, in particular in Hong Kong. Natural disasters, epidemics and other acts of God which are beyond our control may adversely affect local economies, infrastructure and livelihoods. Hong Kong is under the threat of

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## RISK FACTORS

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typhoons, rainstorms, flood, fire, or epidemics such as Severe Acute Respiratory Syndrome (“SARS”), Middle East Respiratory Syndrome (“MERS”), H5N1 avian flu, Ebola, as well as influenza caused by H7N9 and H3N2 or the human swine flu, also known as influenza A (H1N1) virus. In addition, past occurrences of epidemics, depending on their scale, have caused different degrees of damage to the economies in Hong Kong. Frequent typhoons or rainstorms in summer may lead to close of business and thereby affecting our Store Sales and results of operation. A recurrence of SARS or an outbreak of any other epidemics in Hong Kong, such as the H5N1 avian flu, MERS or the human swine flu, could interrupt our operations or the level of economic activity in the affected area in general which could have a material adverse effect on our business, financial condition, results of operations and prospects.

### **RISKS RELATING TO THE SHARES AND SHARE OFFER**

**There is no existing public market for our Shares and their liquidity and market price may fluctuate.**

Before the Share Offer, there has not been a public market for our Shares. We have applied for the listing of and dealing in our Shares on the Stock Exchange. However, even if such application is approved, we cannot assure you that an active and liquid public trading market for our Shares will develop following the Share Offer, or, if it does, it will sustain. The financial markets in Hong Kong and other countries have experienced significant price and volume fluctuations. Volatility in the price of our Shares may be caused by factors beyond our control and may be unrelated or disproportionate to our operating results. Accordingly, we cannot assure you that the liquidity and market price of our Shares will not fluctuate.

The Offer Price range for our Shares is the result of, and the Offer Price will be the result of, negotiations between us and the Joint Lead Managers (for themselves and on behalf of the other Underwriters) and may not be indicative of prices that will prevail in the trading market after the Share Offer. Our Shareholders may therefore not be able to sell their Shares at or above the Offer Price.

**Our Shareholders may experience an immediate dilution in the book value of their Shares purchased in the Share Offer and may experience further dilution if we issue additional Shares in the future.**

The Offer Price of our Shares is higher than the net tangible assets value per Share immediately before the Share Offer. Investors who purchase our Shares in the Share Offer will experience an immediate dilution in pro forma net tangible assets value per Share.

In order to expand our business, we may consider offering and issuing additional Shares in the future. Our Shareholders may experience further dilution in the net tangible assets value per Share if we issue additional Shares at a price lower than the net tangible assets value per Share at the time of their issue.

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## RISK FACTORS

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**Since there will be a gap of several days between pricing and trading of the Offer Shares, holders of the Offer Shares are subject to the risk that the price of the Offer Shares could fall during the period before trading of the Offer Shares begins.**

The Offer Price of our Shares is expected to be determined on the Price Determination Date. However, our Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be several business days after the Price Determination Date. As a result, investors may not be able to sell or otherwise deal in Shares during that period. Accordingly, Shareholders are subject to the risk that the price of their Offer Shares could fall before trading begins as a result of adverse market conditions or other adverse developments that could occur between the time of sale and the time trading begins.

**Future sales or issuances or perceived sales or issuance of our Shares could have a material adverse effect on the prevailing market price of our Shares and our ability to raise additional capital.**

Shares held by our Controlling Shareholder and some other Existing Shareholders who are also our executive Directors and senior management are subject to a lock-up for a period of 24 months after the Listing Date, the details of which are set out in “History, Reorganisation and Corporate Structure” and “Underwriting” in this prospectus. However, after the expiry of such lock-up period, such Shareholders are free to dispose of their respective Shares at their own discretion and the sale or disposal of any substantial amounts of our Shares in the public market or the perception that such sales could occur, could have a material and adverse effect on the market price of our Shares. This may also consequently affect our future ability to raise capital through offering of our Shares.

**You should read the entire prospectus and we strongly caution you not to place any reliance on any information contained in the press articles, other media and/or research analyst reports regarding us, our business, our industry and the Share Offer.**

There may be subsequent to the date of this prospectus but before the completion of the Share Offer, press, media, and/or research analyst coverage regarding us, our business, our industry and the Share Offer. You should rely solely upon the information contained in this prospectus in making your investment decisions regarding our Shares and we do not accept any responsibility for the accuracy or completeness of the information contained in such press articles, other media and/or research analyst reports nor the fairness or the appropriateness of any forecasts, views or opinions expressed by the press, other media and/or research analyst regarding the Shares, the Share Offer, our business, our industry or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information, forecasts, views or opinions expressed or any such publications. To the extent that such statements, forecasts, views or opinions are inconsistent or conflict with the information contained in this prospectus, we disclaim them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of information contained in this prospectus only and should not rely on any other information.

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## RISK FACTORS

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**You may experience difficulties in protecting your interests because we are a Cayman Islands company and the laws of the Cayman Islands for minority shareholders protection may be different from those under the laws of Hong Kong or certain other jurisdictions.**

Our corporate affairs are governed by, among other things, the Articles of Association, the Companies Law and the common law of the Cayman Islands. The rights of Shareholders to take action against our Directors, actions by minority Shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands and the Articles of Association. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as that from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those in Hong Kong and other jurisdictions. Such differences mean that the remedies available to our minority Shareholders may be different from those they would have under the laws of Hong Kong or other jurisdictions. Please see “Summary of the Constitution of our Company and the Cayman Islands Company Law” in Appendix III to this prospectus for further details.

**We cannot guarantee the accuracy of certain facts and statistics contained in this prospectus.**

Certain facts and statistics in this prospectus have been derived from various official government and other publications generally believed to be reliable. We believe that the sources of such information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. Such information has not been independently verified by us or any of the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any of our or their respective directors, officers or representatives or any other person involved in the Share Offer and no representation is given as to its accuracy. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, the facts and statistics in this prospectus may be inaccurate or may not be comparable to facts and statistics produced with respect to other economies. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy (as the case may be) in other jurisdictions. As a result, you should not unduly rely upon such facts and statistics contained in this prospectus.

**Forward-looking statements contained in this prospectus are subject to risks and uncertainties.**

This prospectus contains certain statements that are “forward-looking” and uses forward looking terminology such as “anticipate,” “estimate,” “believe,” “expect,” “may,” “plan,” “consider,” “ought to,” “should,” “would,” and “will”. Those statements include, among other things, the discussion of our growth strategy and the expectations of our future operations, liquidity and capital resources.

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## **RISK FACTORS**

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Purchasers of our Offer Shares are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that, any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. The uncertainties in this regard include those identified in the risk factors discussed above. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations or warranties by us that our Company's plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. We do not intend to update these forward-looking statements in addition to our on-going disclosure obligations pursuant to the GEM Listing Rules or other requirements of the Stock Exchange. Investors should not place undue reliance on such forward-looking information.

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## INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

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### DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the GEM Listing Rules for the purposes of giving information with regard to our Company. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief:

- the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive;
- there are no other matters the omission of which would make any statement herein or this prospectus misleading; and
- all opinions expressed in this prospectus have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

### INFORMATION ON THE SHARE OFFER

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorised to give any information in connection with the Share Offer or to make any representation not contained in this prospectus and the relevant Application Forms, and any information or representation not contained herein and therein must not be relied upon as having been authorised by our Company, the Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, agents, employees or advisers or any other person or party involved in the Share Offer. Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the Offer Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus. Details of the structure of the Share Offer, including its conditions, are set out in “Structure and Conditions of the Share Offer” in this prospectus, and the procedures for applying for the Public Offer Shares are set out in “How to Apply for the Public Offer Shares” in this prospectus and in the relevant Application Forms.

### UNDERWRITING

This prospectus is published solely in connection with the Public Offer, which forms part of the Share Offer. For applicants under the Public Offer, this prospectus and the Application Forms set out the terms and conditions of the Public Offer.

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## INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

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The Listing is sponsored by the Sole Sponsor. The Public Offer is fully underwritten by the Public Offer Underwriters under the terms of the Public Offer Underwriting Agreement. The Placing Underwriting Agreement relating to the Placing is expected to be entered into on or around Wednesday, 21 March 2018. The Placing will be fully underwritten by the Placing Underwriters under the terms of the Placing Underwriting Agreement to be entered into.

If, for any reason, our Company and the Joint Lead Managers (for themselves and on behalf of the other Underwriters) are unable to reach agreement on the Offer Price on or before Wednesday, 21 March 2018 or such later date as may be agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the other Underwriters) but in any event, no later than Monday, 26 March 2018, the Share Offer will not become unconditional and will lapse immediately. For full information about the Underwriters and the underwriting arrangements, please see “Underwriting” in this prospectus.

### RESTRICTIONS ON OFFER OF THE OFFER SHARES

Each person acquiring the Public Offer Shares under the Public Offer will be required to, or by his/her acquisition of the Offer Shares be deemed to, confirm that he/she is aware of the restrictions on the offers of the Offer Shares described in this prospectus and the relevant Application Forms.

No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus and/or the Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus and/or the Application Forms may not be used for the purpose of, and does not constitute, an offer or invitation nor is it calculated to invite or solicit offers in any jurisdiction or in any circumstances in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable laws, rules and regulations of such jurisdictions pursuant to registration with or authorisation by the relevant regulatory authorities or as an exemption therefrom.

### APPLICATION FOR LISTING ON GEM

We have applied to the Stock Exchange for the listing of, and permission to deal in, our Shares in issue and to be issued pursuant to the Capitalisation Issue, the Share Offer and as mentioned in this prospectus (including any new Shares which may be allotted and issued upon the exercise of options which may be granted under the Share Option Scheme).

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, if the permission for our Shares to be listed on GEM pursuant to this prospectus has been refused before the expiration of three weeks from the date of the closing of the Share Offer or such longer period not exceeding six weeks as may, within the said three weeks, be notified to our Company for permission by or on behalf of the Stock Exchange, then any allotment made on an application in pursuance of this prospectus shall, whenever made, be void.

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## **INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER**

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Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of listing of our Shares on GEM and at all times thereafter, our Company must maintain the “minimum prescribed percentage” of 25% of the issued share capital of our Company in the hands of the public (as defined in the GEM Listing Rules).

No part of our Shares or loan capital is listed, traded or dealt in on any other stock exchange. At present, our Company is not seeking or proposing to seek listing of, or permission to deal in, any part of our Shares or loan capital on any other stock exchange.

### **SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS**

Subject to the granting of the listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus on GEM and the compliance with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date, or on any other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. Investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements as such arrangements will affect their rights and interests.

All necessary arrangements have been made for our Shares to be admitted into CCASS.

All activities under CCASS are subject to the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time.

### **DEALINGS AND SETTLEMENT**

Dealings in our Shares are expected to commence at 9:00 a.m. on Wednesday, 28 March 2018. Shares will be traded in board lots of 20,000 Shares each and are freely transferable. The GEM stock code for our Shares is 8448.

Our Company will not issue any temporary document of title.

### **HONG KONG BRANCH SHARE REGISTRAR AND STAMP DUTY**

All of our Shares will be registered on our Company’s branch register of members maintained in Hong Kong by our Hong Kong Branch Share Registrar and transfer office, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong. Our Company’s principal register of members will be maintained by the principal share registrar and transfer office, Conyers Trust Company (Cayman) Limited, at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.



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## INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

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Only Shares registered on our Company's branch register of members maintained in Hong Kong may be traded on GEM. Dealings in our Shares registered in the branch register of members of our Company in Hong Kong will be subject to Hong Kong stamp duty.

Unless determined otherwise by our Company, dividends payable in Hong Kong dollars in respect of our Shares will be paid to the Shareholders listed on our Company's Hong Kong branch register of members maintained in Hong Kong, by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder or if joint Shareholders, to the first-named Shareholder therein in accordance with the Articles.

### PROFESSIONAL TAX ADVICE RECOMMENDED

If investors are unsure about the taxation implications of the subscription for, purchase, holding or disposal of, dealings in, or exercise of any rights in relation to the Offer Shares, they should consult an expert. None of our Company, our Directors, the Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any of our or their respective directors, advisers, officers, employees, agents, affiliates and/or representatives or any other persons or parties involved in the Share Offer accepts responsibility for any tax effects on or liabilities of any person resulting from the subscription for, purchase, holding or disposal of, dealings in, or the exercise of any rights in relation to the Offer Shares.

### PROCEDURE FOR APPLICATION FOR THE PUBLIC OFFER SHARES

The procedure for application for the Public Offer Shares is set out in "How to Apply for the Public Offer Shares" in this prospectus and on the relevant Application Forms.

### STRUCTURE OF THE SHARE OFFER

Details of the structure of the Share Offer, including conditions of the Share Offer, are set out in "Structure and Conditions of the Share Offer" in this prospectus.

### LANGUAGE

If there is any inconsistency between the English version of this prospectus and the Chinese translation of this prospectus, the English version of this prospectus shall prevail. Names of any laws and regulations, governmental authorities, institutions, natural persons or other entities which have been translated into English and included in this prospectus and for which no official English translation exists are unofficial translations for your reference only.

### ROUNDING

Any discrepancies in any table or chart between the totals and the sums of the amounts listed therein are due to rounding.

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## DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

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### DIRECTORS

Name	Residential Address	Nationality
<b>Executive Directors</b>		
Mr. Chau Man Keung (周文强)	Flat B, 25/F, Hoi Sing Court 1 South Horizon Drive South Horizons Ap Lei Chau Hong Kong	Chinese
Mr. Hsu Ching Loi (許清耐)	Flat LB, 19/F, Tower 2 Swan Lake, Le Prestige Tseung Kwan O New Territories Hong Kong	Chinese
Mr. Leung Yuet Cheong (梁悅昌)	11D, Kau Lung Hang Lo Wai Tai Po New Territories Hong Kong	Chinese
Mr. Wong Man Hin Joe (黃文軒)	Flat 4, 17/F Block E Koon Ming House Chung Ming Court Tseung Kwan O New Territories Hong Kong	Chinese
<b>Independent non-executive Directors</b>		
Mr. Wan Aaron Chi Keung, <i>BBS, JP</i> (尹志強)	Flat C, 14/F Block 13 Braemar Hill Mansions 39 Braemar Hill Road North Point Hong Kong	Chinese
Mr. Chan Chun Kit (陳俊傑)	Flat D, 19/F Tower 9 1 Ying Hong Street The Visionary Tung Chung, Lantau New Territories Hong Kong	Chinese

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## DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

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Name	Residential Address	Nationality
Dr. Sun Yongjing (孫咏菁)	Flat 902 Block 4 Heng Fa Chuen 100 Shing Tai Road Chai Wan Hong Kong	Chinese

See “Directors, Senior Management and Employees” in this prospectus for more information on our Directors.

### PARTIES INVOLVED IN THE SHARE OFFER

<b>Sponsor</b>	<b>Ballas Capital Limited</b> <i>(a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO)</i> Unit 1802, 18/F, 1 Duddell Street Central Hong Kong
<b>Joint Bookrunners and Joint Lead Managers</b>	<b>Ballas Capital Limited</b> <i>(a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO)</i> Unit 1802, 18/F, 1 Duddell Street Central Hong Kong  <b>Changjiang Securities Brokerage (HK) Limited</b> <i>(a corporation licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 5 (advising on futures contracts) regulated activities under the SFO)</i> Suite 1908, 19/F Cosco Tower 183 Queen’s Road Central Central Hong Kong  <b>Infast Brokerage Limited</b> <i>(a corporation licensed to carry out Type 1 (dealing in securities) regulated activity under the SFO)</i> 18/F., 8 Lyndhurst Terrace Nos. 2-10 Lyndhurst Terrace Central Hong Kong

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## DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

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**Zhong Jia Securities Limited** (*a corporation licensed to carry out Type 1 (dealing in securities) regulated activity under the SFO*)

Office No. 9, 8/F  
One Island South  
2 Heung Yip Street  
Hong Kong

**Legal advisers to the Company**

*As to Hong Kong laws*

**Iu, Lai & Li**

Room 2201, 2201A & 2202, 22nd Floor  
Tower I, Admiralty Centre  
No. 18 Harcourt Road  
Hong Kong

*As to Hong Kong laws*

**Mr. Li Chau Yuen, Senior Counsel**

Barrister-at-law of Hong Kong  
10/F, New Henry House  
10 Ice House Street  
Central  
Hong Kong

*As to Hong Kong laws*

**Mr. Chung Kin Hong, Kenneth**

Barrister-at-law of Hong Kong  
10/F, New Henry House  
10 Ice House Street  
Central  
Hong Kong

*As to Cayman Islands law*

**Conyers Dill & Pearman**

Cricket Square  
Hutchins Drive  
PO Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

**Legal advisers to the Sole Sponsor  
and the Underwriters**

**Leung & Lau**

Units 7208-10, 72/F  
The Center  
99 Queen's Road Central  
Hong Kong

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## DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

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<b>Auditors and reporting accountants</b>	<b>KPMG</b> <i>Certified Public Accountants</i> 8th Floor Prince's Building 10 Chater Road Hong Kong
<b>Industry consultant</b>	<b>Frost &amp; Sullivan International Limited</b> 1706, One Exchange Square 8 Connaught Place Central Hong Kong
<b>Receiving bank</b>	<b>DBS Bank (Hong Kong) Limited</b> 16/F, The Center 99 Queen's Road Central Hong Kong

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## CORPORATE INFORMATION

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<b>Registered office</b>	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
<b>Headquarters of our Group and principal place of business in Hong Kong</b>	Office F, 12/F Legend Tower No. 7 Shing Yip Street Kwun Tong Kowloon, Hong Kong
<b>Company's website</b>	<b><u><a href="http://www.uprintshop.hk">www.uprintshop.hk</a></u></b> <i>(Note: contents on this website do not form part of this prospectus)</i>
<b>Company secretary</b>	Mr. Chan Sun Kwong (陳晨光) <i>Certified Public Accountant</i>
<b>Authorised representatives (for the purpose of the GEM Listing Rules)</b>	Mr. Chau Man Keung (周文强) Flat B, 25/F, Hoi Sing Court 1 South Horizon Drive South Horizons Ap Lei Chau Hong Kong  Mr. Chan Sun Kwong (陳晨光) <i>Certified Public Accountant</i> Room 1818, 18/F., Beverley Commercial Centre 87-105 Chatham Road South Tsimshatsui, Kowloon Hong Kong
<b>Authorised representative (for the purpose of the Companies Ordinance)</b>	Mr. Chau Man Keung (周文强) Flat B, 25/F, Hoi Sing Court 1 South Horizon Drive South Horizons Ap Lei Chau Hong Kong
<b>Compliance officer</b>	Mr. Chau Man Keung (周文强)
<b>Audit committee</b>	Mr. Chan Chun Kit (陳俊傑) ( <i>Chairman</i> ) Dr. Sun Yongjing (孫咏菁) Mr. Wan Aaron Chi Keung, <i>BBS, JP</i> (尹志强)

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## CORPORATE INFORMATION

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<b>Remuneration committee</b>	Mr. Wan Aaron Chi Keung, <i>BBS, JP</i> (尹志強) ( <i>Chairman</i> ) Mr. Chan Chun Kit (陳俊傑) Dr. Sun Yongjing (孫咏菁) Mr. Chau Man Keung (周文強)
<b>Nomination committee</b>	Dr. Sun Yongjing (孫咏菁) ( <i>Chairlady</i> ) Mr. Wan Aaron Chi Keung, <i>BBS, JP</i> (尹志強) Mr. Chan Chun Kit (陳俊傑) Mr. Chau Man Keung (周文強)
<b>Risk management committee</b>	Mr. Chau Man Keung (周文強) ( <i>Chairman</i> ) Mr. Wan Aaron Chi Keung, <i>BBS, JP</i> (尹志強) Mr. Chan Chun Kit (陳俊傑) Dr. Sun Yongjing (孫咏菁) Mr. Hsu Ching Loi (許清耐)
<b>Principal share registrar and transfer office in the Cayman Islands</b>	<b>Conyers Trust Company (Cayman) Limited</b> Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
<b>Hong Kong branch share registrar and transfer office</b>	<b>Tricor Investor Services Limited</b> Level 22 Hopewell Centre 183 Queen's Road East Hong Kong
<b>Compliance adviser</b>	<b>Ballas Capital Limited</b> ( <i>a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO</i> ) Unit 1802, 18/F, 1 Duddell Street Central Hong Kong
<b>Principal banker</b>	<b>Bank of China</b> Bank of China Tower 1 Garden Road Hong Kong

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## INDUSTRY OVERVIEW

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*Unless otherwise indicated, the information presented in this section is derived from the Frost & Sullivan Report prepared by Frost & Sullivan, which was commissioned by us and is prepared primarily as a market research tool intended to reflect estimates of market conditions based on publicly available resources. References to Frost & Sullivan should not be considered as its opinion as to the value of any security or the advisability of investing in our Group. Our Directors believe that the sources of information and statistics are appropriate sources for such information and statistics. Our Directors have no reason to believe that such information and statistics is false or misleading or that any fact has been omitted that would render such information and statistics false or misleading in any material respect. The information prepared by Frost & Sullivan and set out in this section has not been independently verified by our Group, our Controlling Shareholder, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any other party involved in the Share Offer (other than Frost & Sullivan with respect to the information contained in the Frost & Sullivan Report) or their respective directors, officers, employees, advisers and agents, and no representation is given as to its accuracy and completeness. Accordingly, such information should not be unduly relied upon.*

### SOURCE OF INFORMATION

We have commissioned Frost & Sullivan, an independent third party, to conduct an analysis of, and to report on the business printing market in Hong Kong. The report we commissioned, or the Frost & Sullivan Report, has been prepared by Frost & Sullivan independent of our influence. We paid Frost & Sullivan a fee of HK\$430,000 for the preparation of the report, which was reached after arm's length negotiations.

### FROST & SULLIVAN REPORT

Established in 1961, Frost & Sullivan is an independent global consulting firm which provides market research on a variety of industries, among other services. The market research process for the Frost & Sullivan Report has been undertaken through primary and secondary research. Primary research involved interviewing industry insiders and recognised third-party industry associations and secondary research involved reviewing corporate annual reports, databases of relevant official authorities, independent research reports and publications, and data based on Frost & Sullivan's own database.

The Frost & Sullivan Report was compiled based on the following key assumptions:

- that the social, economic and political conditions in Hong Kong and the PRC will remain stable during the forecast period;
- that the government policies on the printing industry in the PRC and Hong Kong will remain unchanged during the forecast period; and
- that the printing market in Hong Kong will be driven by steady downstream demand, emergence of online ordering and adoption of new printing technology.



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## INDUSTRY OVERVIEW

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Our Directors confirm that, to the best of their knowledge and after taking reasonable care, there is no material adverse change in market information contained in this section since the finalisation of the Frost & Sullivan Report which may qualify, contradict or have an impact on the information in this section.

### OVERVIEW OF THE PRINTING MARKET IN HONG KONG

#### Introduction to printing

Printing is a process for reproducing the information which includes text and images on manuscripts to printing substrates. Paper is the most common printing material, but metals, plastics, cloth and composite materials are also used.

There are four major segments in the printing industry as set out below:

Segment	Description
<b>Package printing</b>	<ul style="list-style-type: none"><li>Package printing refers to the process of reproducing text and images on the packaging materials.</li></ul> <p>Package printing is applicable for various materials including paper and plastics.</p>
<b>Business printing</b>	<ul style="list-style-type: none"><li>The main end products of business printing include business cards, promotional documents, banners, billboards, posters, catalogues, blueprints, name cards, advertisements, tax bills, corporate brochures and directories.</li></ul>
<b>Publication printing</b>	<ul style="list-style-type: none"><li>Publication printing mainly covers books, magazines and newspapers, and paper is the key raw material for printing.</li></ul>
<b>Financial printing</b>	<ul style="list-style-type: none"><li>Financial printing refers to specialised services for production of financial documents and publications including IPO prospectus, corporate announcements and financial reports (e.g. annual, interim and/or quarterly reports).</li></ul>

#### Market size of printing market in Hong Kong

The total market size of printing market in Hong Kong recorded a stable increase from approximately HK\$13.9 billion in 2012 to approximately HK\$16.0 billion in 2016, representing a CAGR of approximately 3.6%, which was contributed by the continuous growth in business printing, financial printing and package printing.

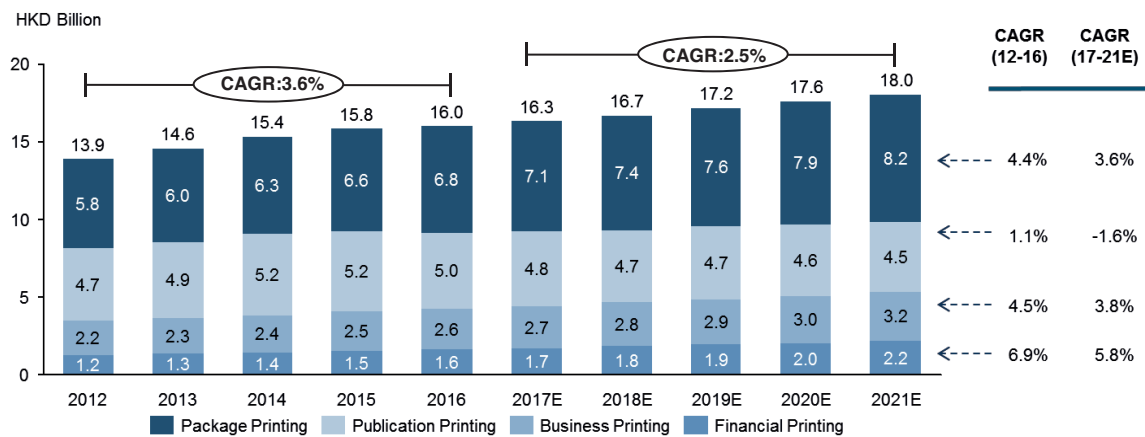
## INDUSTRY OVERVIEW

Driven by the continuous increasing number of business establishments and growth in promotional activities, the business printing market increased from approximately HK\$2.2 billion in 2012 to approximately HK\$2.6 billion in 2016. The growth momentum is expected to continue during 2017 and 2021 with a CAGR of approximately 3.8%.

With the rising trend of e-books and digitalisation, the market size of publication printing in Hong Kong saw a slight decrease since 2014, and is expected to shrink to approximately HK\$4.5 billion in 2021.

Due to technical innovation and rapid upgrade of customer goods, the package printing market in Hong Kong is developing rapidly. At the same time, financial printing market is expected to maintain a steady growth driven by continuous expansion of capital market and fund raising activities in Hong Kong.

**Market Size of Printing Market in Hong Kong, 2012-2021E**



Source: Frost & Sullivan Report

According to the Frost & Sullivan Report, from 2017 to 2021, the market size of printing market in Hong Kong is expected to reach approximately HK\$18.0 billion in 2021 with a CAGR of approximately 2.5% during such period. Such projected growth is based on the following factors:

- continuous economic growth in Hong Kong which stimulates the growth of demand for printing products in various segments;
- growing business printing market as a result of increasing demand for printing products from SMEs and customised advertising products;

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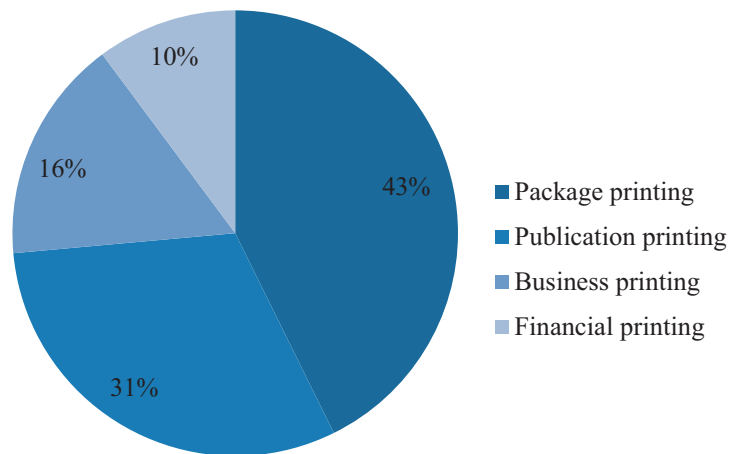
## INDUSTRY OVERVIEW

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- increasing financial printing market contributed by the growing printing demand from capital market expansion and fund raising activities in Hong Kong; and
- growing package printing market due to steady growth of consumer goods market, consumer's preference for innovative, environmentally friendly and premium package and adoption of advanced technology in label printing.

In accordance with the Frost & Sullivan Report, in 2016, in terms of revenue, package printing accounted for approximately 43% of market share in printing market in Hong Kong, ranking the first. Publication and business printing accounted for approximately 31% and 16% respectively. The proportion of financial printing is relatively small with approximately 10%.

**Market Share of Downstream Applications by Revenue, Hong Kong, 2016**



*Source: Frost & Sullivan Report*

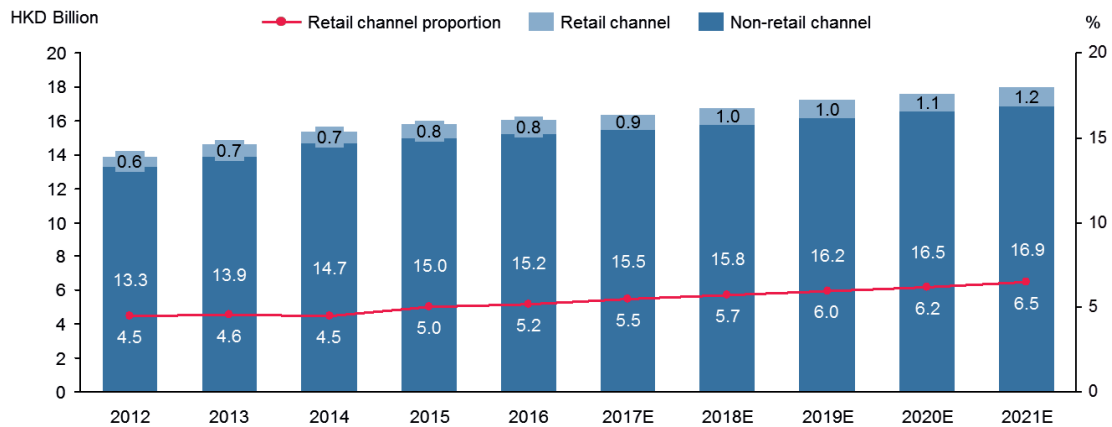
We principally engage in providing printing services to our customers in Hong Kong. Our main printing products are business printing-related products which cover, among others, stationary, advertisements, periodicals, directories and catalogues. We therefore consider ourselves as one of the printing companies in the business printing segment. The overall business printing segment is fragmented with many companies with different sizes, set-ups and printing different products. Based on our sales of approximately HK\$133.9 million for FY2017 and the market size of the business printing segment of approximately HK\$2,607.3 million, we accounted for approximately 5.1% of the business printing segment in 2016.

One of the characteristics of printing companies producing business related products is to have a retail network so to reach out to their potential customers who are normally SMEs, retail customers and organisations that require quick turnaround time for their printing orders.

## INDUSTRY OVERVIEW

In this regard, Frost & Sullivan estimated that the market size of the business printing market generated by companies with retail channels in Hong Kong increased from approximately HK\$626.2 million in 2012 to approximately HK\$832.5 million in 2016. It is expected to rise to approximately HK\$1,170.6 million in 2021.

**Market Size of Printing Market by Channel, Hong Kong, 2012-2021E**



*Note:* Retail channel refers to internet channel and physical stores, providing order and delivery of printing service

*Source:* Frost & Sullivan Report

From the above chart, we also note that the proportion of the market size generated by companies with retail channels increased from approximately 4.5% in 2012 to approximately 5.2% in 2016 and is estimated to reach approximately 6.5% by 2021.

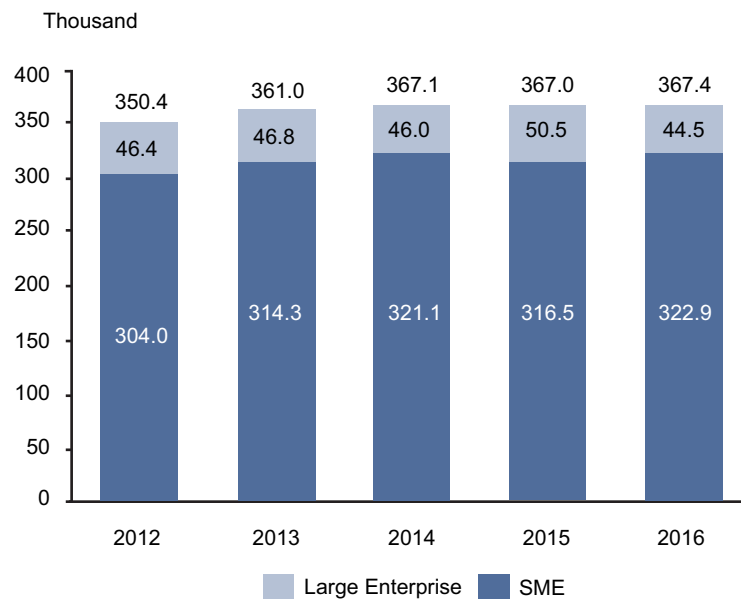
Frost & Sullivan considered that the expected increase in share of retail channel is primarily driven by the following factors: 1) increasing number of SMEs who require fast responses and small-volume printing services drives the demand for retail channels; and 2) customers are likely to order more customised business printing products, such as personalised calendar and souvenir with group photos, for the frequent market promotion which is expected to increase when the retail sales improves and self-use demand, and such printing goods are normally quoted and designed through retail channel.

Frost & Sullivan estimated that the total number of business establishments in Hong Kong has been steadily increasing from approximately 350.4 thousand in 2012 to approximately 367.4 thousand in 2016.

## INDUSTRY OVERVIEW

Manufacturing enterprises which have fewer than 100 employees and non-manufacturing enterprises which have fewer than 50 employees are treated as SMEs in Hong Kong. The SMEs make up for close to 90% of these enterprises and they have significant demand for products such as business cards, driving the development of the entire business printing market. The growing number of business establishment, especially SMEs, will drive the demand for business printing in Hong Kong.

**Number of Business Establishments, Hong Kong, 2012-2016**



*Source: Frost & Sullivan Report*

One of the indicators of the business environment in Hong Kong is the total retail sales value. According to the Frost & Sullivan Report, the total retail sales value in Hong Kong has decreased in recent years due to fewer tourists from the PRC reducing the total retail sales value in Hong Kong, in particular the retail market of jewelry, watch and luxury goods. The depreciation of Euro and Japanese Yen has also contributed to causing Hong Kong to be less attractive as a shopping destination as compared to Europe and Japan. The total retail sales value in Hong Kong increased from approximately HK\$445.5 billion in 2012 to approximately HK\$494.4 billion in 2013, followed by a consecutive decrease to approximately HK\$436.6 billion in 2016. However, Frost & Sullivan expected that the number of growing population and increasing consumption power of Hong Kong residents will drive the total retail sales value in Hong Kong in the future. The total retail sales value in Hong Kong is estimated to increase to approximately HK\$455.9 billion by 2021, representing a CAGR of approximately 1.2% from 2017 to 2021. Our Directors believe that the recovering retail sales indicate

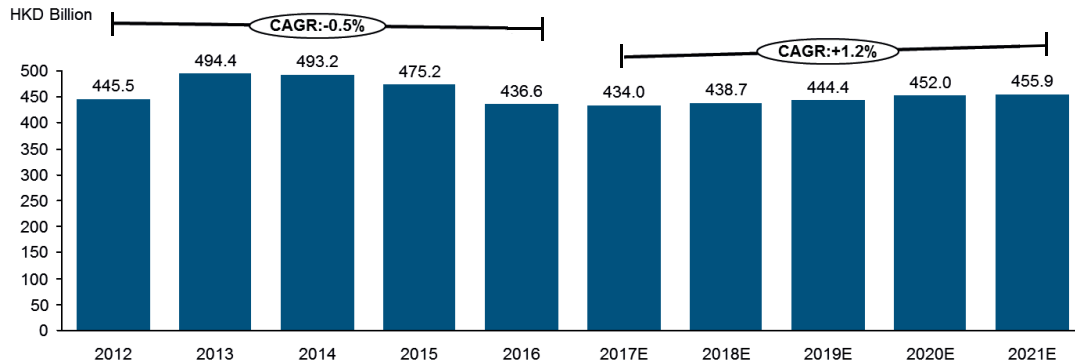
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## INDUSTRY OVERVIEW

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improving business environment for enterprises and increasing sales of consumer goods, which will drive the demand for the printing market, especially the business printing and the package printing segment.

**Total Retail Sales Value, Hong Kong, 2012-2021E**



Source: Frost & Sullivan Report

Based on the above indicators, we consider that the business printing segment will continue to benefit and grow with the Hong Kong economy in long term.

### Printing processes and technologies

According to the Frost & Sullivan Report, the most commonly used printing technologies in the business printing industry are offset printing, toner-based digital printing and ink-jet printing.

- **Offset printing:** Offset printing is an indirect printing technology in which the image is firstly transferred from the image carrier (ie. zinc printing plate) to the blanket cylinder and then to the substrate. The process of offset lithography can be used to print on paper, cardboard, plastic or other materials, but the printing process is limited to be on flat surface objects. Offset lithography is considered the most widely applied printing technology for an extensive range of products such as books, newspapers, stationery, corrugated board, posters, etc.
- **Digital printing:** Digital printing refers to the printing technology which prints directly on a variety of substrates based on a digital-based image. No printing plate is required. Digital printing includes toner-based digital printing and ink-jet printing.
- **Toner-based digital printing:** Toner-based digital printing refers to a digital printing technology which adopts toner, a powdery substance, to form the printed content usually used by laser printers. During the printing process, a laser beam is used to scan and form an electrically charged image on a drum based on the digital signals, and

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## INDUSTRY OVERVIEW

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then the drum selectively collects charged toner and transfers the image to the substrate, which is then heated in order to fuse the toner into the substrate permanently.

- **Ink-jet printing:** Ink-jet printing refers to the printing technology that sprays electrically charged droplets of ink onto various substrate including paper and plastic. During the printing process, droplets of ink, which is usually in liquid form, are sprayed out of nozzles using thermal effect or piezoelectric effect and form images on the substrate. Small-format ink-jet printing is used in households and offices while large-format ink-jet printing is adopted for printing of indoor or outdoor advertising billboards and banners.

In comparison of toner-based digital printing and ink-jet printing, toner-based digital printing enjoys advantages including: (1) faster printing speed; (2) higher volume yield without change of toner cartridge; (3) clearer and defined printed image; and (4) no worry over nozzle clogging as for ink-jet printing, while ink-jet printing has advantages including (a) lower initial investment; and (b) higher colour accuracy for images with rich colours.

Although offset printing and digital printing produce similar printing products, they have their own advantages under different printing requirements. Offset printing is suitable for almost all printing substrates, more cost-effective for medium to large runs and able to match designated colour more accurately, while digital printing is unlimited in printing personalisation, more cost-effective for shorter runs and its lead time is much shorter. Considering their different advantages, these two major printing technologies provide alternative solution to customers in the business printing market in terms of cost consideration, turnaround time, print quality and volume requirements. The following table illustrates the different characteristics of offset printing and digital printing.

Metric	Offset Printing	Digital Printing
Turn time	One to three days (require drying time)	Instantly (require no drying time)
Substrate	Almost all printing substrate	Varies depending on digital press
Personalisation	Limited	Unlimited with variable data
Quantity	Cost-effective for medium to large runs	Cost-effective for shorter runs
Quality	Able to match designated colour more accurately	Able to achieve high quality prints

*Source: Frost & Sullivan Report*

In terms of cost, although additional cost and time are spent on platemaking, the average unit cost of offset printing is still cheaper than that of digital printing for large volume printing. However, digital printing can be a better alternative for shorter runs with a short lead time, and for smaller

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## INDUSTRY OVERVIEW

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printing volume. The following table compares the average unit cost of offset printing and digital printing under different printing volume analysis:

### Price per Page of Printing Product, Hong Kong

*Unit: HKD per page\**

Number of Pages	100	500	1,000	5,000	10,000
Digital Printing	2.0-5.0	1.7-4.3	1.5-3.8	—	—
Offset Printing	—	1.0-1.7	0.7-1.2	0.5-0.9	0.3-0.5

\* *Note:* Price of printing A3 poster as an illustration

*Source: Frost & Sullivan Report*

According to the Frost & Sullivan Report and as illustrated from the above table, for a printing task of less than 500 pages, digital printing is more cost-effective because it does not require a plate making process which is necessary in offset printing and causes a high fixed cost. When the volume of the printing task reaches over 500 pages, offset printing is more price-competitive because its marginal cost per page is lower than that of digital printing.

The offset printing process can be divided into four-colour (4C), five-colour (5C), six-colour (6C) and eight-colour (8C) by the number of cylinders. 5C printing press is able to print one more colour than the Cyan, Magenta, Yellow and Key (“CMYK”) colour system which 4C printing press used and enjoys the following advantages: (1) better-quality prints than 4C printing press; (2) able to print white colour which cannot be printed with CMYK 4 colour system, so 5C printing press is able to print on substrate with dark background; and (3) able to achieve special finishing features such as embossing. On the top of the advantages that 5C printing press has, 8C printing press enjoys the following three advantages: (1) more vivid printing images. Compared with the images printed by 4C printing press, 8C printing press provides more vivid images with lower granularity and smoother gradient transition; (2) flexible application on different substrates, such as PVC plastic, metal and leather; and (3) efficient for double-sided printing. 8C printing press is able to print a double-side paper per impression, reducing production time.

Due to high operational and purchase cost, 8C printing press has not been widely adopted in the business printing sector in Hong Kong. Therefore, business printing companies equipped with 8C printing press are capable of delivering printing products with better quality and higher efficiency.

As at the Latest Practicable Date, our Group owned, among other machineries, two 8C printing presses. The Group also plans to invest in a new 5C printing press in the coming year.

### Price trend of printing products

The price of printing products in Hong Kong remained stable from 2012 and 2016. The index of selling prices for printing products in Hong Kong increased from approximately 101.7 in 2012 to approximately 103.9 in 2014 and then dropped to approximately 100.2 in 2016. As the printing market is mature and the competition is intensified, printing companies usually quote based on their major



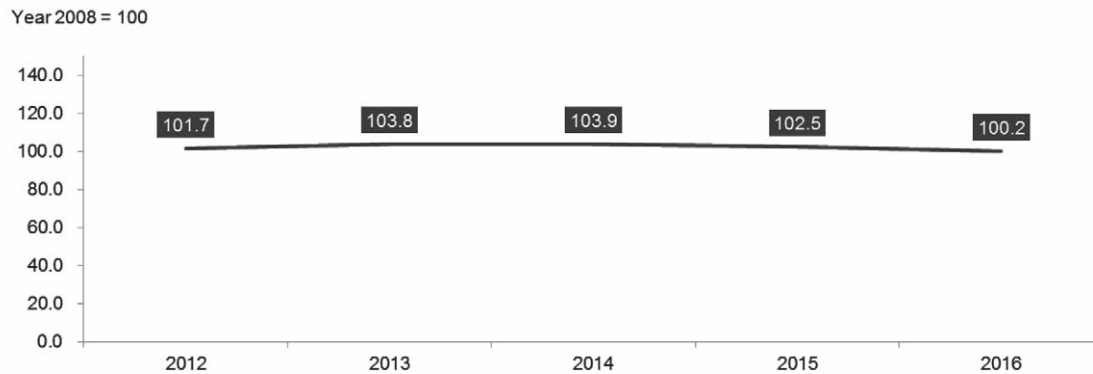
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## INDUSTRY OVERVIEW

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costs including paper, ink and labour, etc. The stable price of major cost components such as paper and ink has resulted in the flat prices of printing products.

### Price Index of Printing Products, Hong Kong, 2012-2016



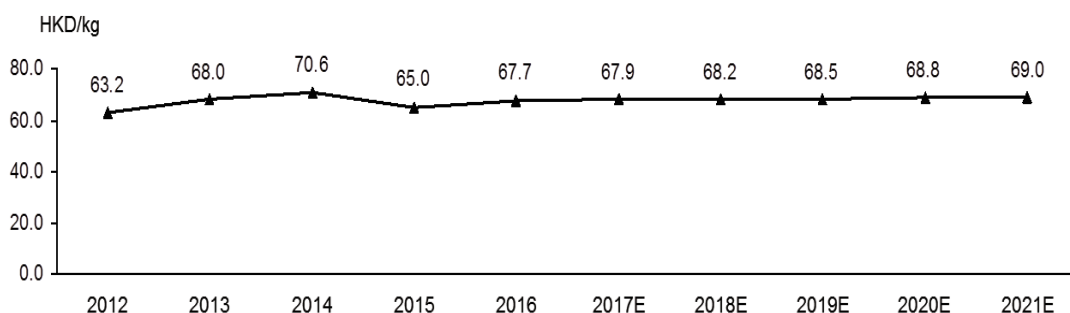
Source: Frost & Sullivan Report

### Price of key raw materials and wages of the printing market in Hong Kong

Major raw materials of printing services include printing ink, paper and zinc plates.

Printing ink includes black ink and other colour printing ink. On the whole, the price of printing ink in Hong Kong has remained stable during 2012 and 2016. The price of printing ink in Hong Kong increased from approximately HK\$63.2 per kg in 2012 to approximately HK\$70.6 per kg in 2014 and then decreased to approximately HK\$65.0 per kg in 2015 before rising to approximately HK\$67.7 per kg in 2016. Ink price was affected by the price of petroleum which is the main raw material and the regulations and monitoring on ink manufacturing process. According to the Frost & Sullivan Report, ink price is expected to rise slightly in the following five years with the recovery of oil price.

### Price of Printing Ink, Hong Kong, 2012-2021E



Note: the prices refer to the import prices of printing ink in Hong Kong

Source: Frost & Sullivan Report

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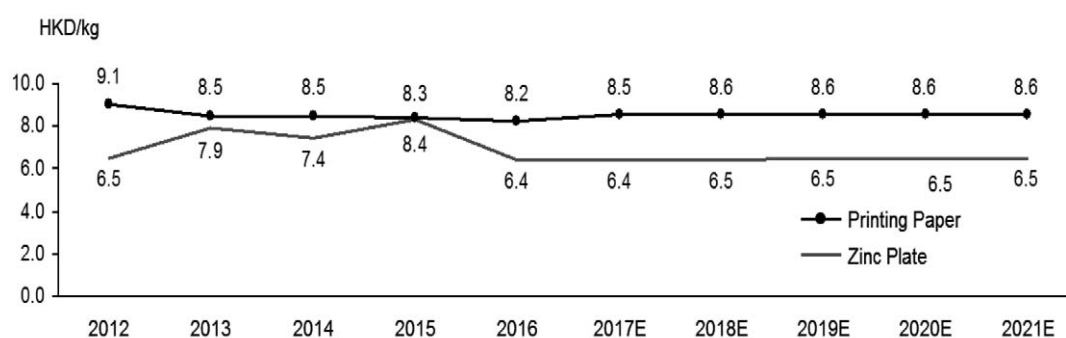
## INDUSTRY OVERVIEW

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Zinc plate in printing is used as a major offset plate, transferring ink onto printing paper or other substrates. According to the Frost & Sullivan Report, the price of zinc plate in Hong Kong experienced slight fluctuation, averaging around HK\$7.0 per kg from 2012 to 2016. The zinc plate supply market is competitive with a large number of suppliers. The price of zinc plate is expected to show an upward trend in the following five years as a result of limited supply of zinc sources from zinc mines globally.

It is stated in the Frost & Sullivan Report that the price of printing paper in Hong Kong decreased slightly from approximately HK\$9.1 per kg in 2012 to approximately HK\$8.2 per kg in 2016. Since the end of 2016, paper price has increased sharply in China as a result of (1) rising operational cost as stricter standards on environment protection and restrictions on product transportation were placed on paper industry; (2) increasing price of raw materials such as imported paper pulp caused by devaluation of Renminbi; and (3) cut of paper supply as small paper manufacturers are forced out of the market. In the first quarter of 2017, the increase in paper price was slowed and it is expected the paper price will remain relatively stable since the second half of 2017 because balanced supply-demand relationship is expected to be achieved.

**Price of Printing Paper and Zinc, Hong Kong, 2012-2021E**



*Note: the prices refer to the import prices of zinc plate and printing paper in Hong Kong*

*Source: Census and Statistics Department of HKSAR, Frost & Sullivan*

### Growth drivers of the business printing market in Hong Kong

- *Steady downstream demand*

Regardless of the trend of digitalisation, downstream demand of business printing remains steady, as hardcopies of various business printing products are irreplaceable on the different business occasions. With the steady growth of Hong Kong local business as well as the revival of global economy, the demand for business printing products is projected to be growing steady in the future and promises the growth in revenues of business printing service providers.

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## INDUSTRY OVERVIEW

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- *Emergence of online ordering platforms*

Online ordering platforms help printing service providers to reduce their operation costs and provide more customers with easier access to diverse and affordable printing services. The customised printing services, convenient ordering process, wide range of options and fast responses available on the online ordering platforms stimulate the demand for the business printing market, and the preference for online ordering benefits those printing service providers with well-established online ordering system.

- *Adoption of new printing technology*

New printing technologies including laser setters, electronic colour scanners and computer-to-plate technology are shortening production lead time for the short-run printing orders while upholding output quality. Innovations in printing presses, such as sheet-fed UV inkjet digital printing system (hybrid printer), are able to enhance the printing performance of simple offset or digit printing press and combine the advantages of offset printing with those of digital technology. The emergence and adoption of new printing technologies is expected to drive the business printing market by creating better printing experience and fulfilling more diverse demand.

### **Development trends of the business printing market in Hong Kong**

- *Green printing*

Green printing, which advocates recycling, reusing, and reducing in order to lower resources used for printing, is one of the important trends for the printing industry. Traditional printing industry, which is always regarded as an industry with high water consumption and air pollution, will become “greener” by adopting a series of environmental-friendly production practices.

- *Waterless Offset printing*

Waterless offset printing is a trend for offset printing technology for its environment-friendliness and better quality. Waterless offset printing is an alternative printing system which uses an ink-resistant silicone coating to eliminate the need for dampening solution as the conventional offset printing would do. It provides significant benefits compared to conventional offset printing, including improved print quality, colour stability and productivity, as well as considerable environmental benefits.

- *Variable Data Printing*

As the demand for customisation is increasingly important in today’s business, variable data printing which based on digital printing technology is emerging. Without stopping or slowing down the printing process, variable data printing is able to accomplish on-demand printing projects whose elements such as text, graphics and images may be changed from one printed piece to the next. The emergence of variable data printing could meet the demand for customised prints with lower costs and higher efficiency.

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## INDUSTRY OVERVIEW

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- *Printing factories moving to the PRC*

Due to the lower production costs in the PRC as well as the import tariff exemption stated in Mainland and Hong Kong Closer Economic Partnership Arrangement, a plenty of Hong Kong printing service providers have moved their printing factories to the PRC, which has become a development trend of Hong Kong printing industry. By doing so, Hong Kong printing service providers will be able to decrease their production costs with the quality of products remained.

- *Comprehensive printing solution*

Customer's demand for printing is getting more diversified due to intensifying effort in differentiation of marketing activities and preference for personalisation. To attract customers and cultivate loyalties, leading printing companies are offering flexibility in technology options to fulfill printing demand for difference scales and sizes and a variety of ancillary services such as designing, data processing, translation, editing and electronic publishing.

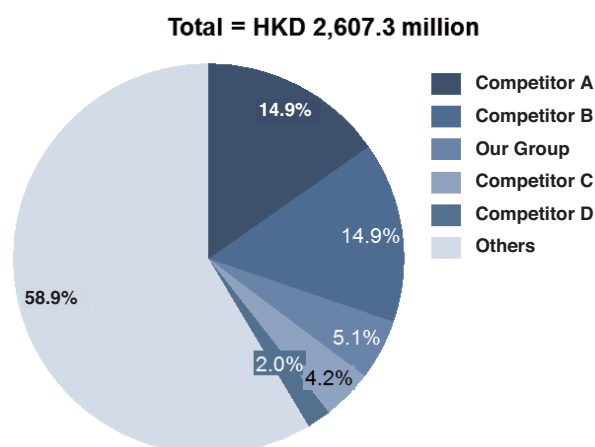
## COMPETITION

### Competitive landscape of the business printing market in Hong Kong

#### *Overview*

The overall business printing market is fragmented in Hong Kong, as the business printing market includes a wide varieties of downstream demands which require different equipment and skills, and companies usually choose to be specialised in a few fields, in order to offer better printing services as well as lower their production costs by achieving economies of scale. Based on the Frost & Sullivan Report, the total revenue of the business printing in Hong Kong in 2016 is approximately HK\$2,607.3 million and the top five players (including our Group which ranked the third) accounted for nearly 41.1% of the business printing market in Hong Kong in 2016.

#### Market Share of Top 5 Business Printing Service Providers, Hong Kong, 2016



*Note: the revenue for our Group is for the financial year ended 31 March 2017.*

*Source: Frost & Sullivan*

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## INDUSTRY OVERVIEW

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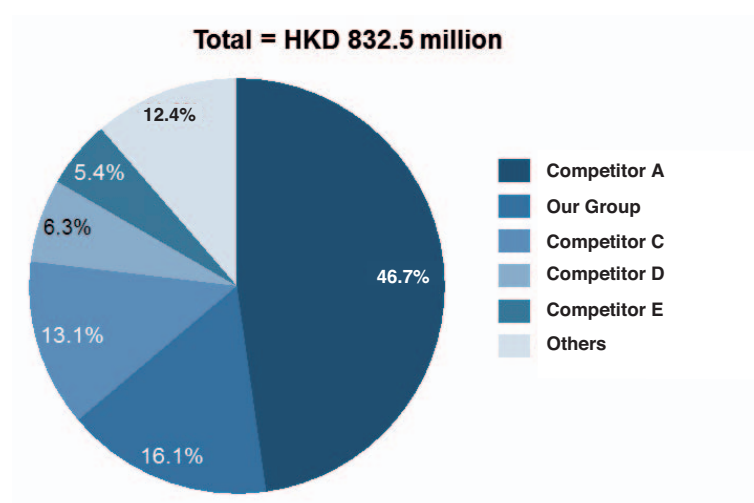
However, according to the Frost & Sullivan Report, considering the high rental cost and labour cost for maintaining physical store network, many smaller business printing companies usually rely on a few large high-value customers and are reluctant to establish sophisticated retail networks in Hong Kong. If we only look at business printing with retail channel, the market is dominated by a few companies, including our Group, which have already established sophisticated retail network and strong reputation among commercial customers as well as individuals by their widespread outlet network and proven service quality.

According to the Frost & Sullivan Report, retail channel is becoming increasingly important and valued in the Hong Kong printing industry.

In business printing, a large portion of customers such as retail, SMEs and corporations require quick turnaround times for certain of their printing requirements such as stationery, advertisements and catalogues. Normally the printing quantity is relatively small as they require a turnaround time of within one week from the order date. Retail channel can efficiently capture such kind of customers' demand by offering on-site ordering, design and fast printing services. Retail channel represents 31.9% of the entire business printing market in Hong Kong in 2016 and is expected to increase to approximately 37.1% in 2021.

According to the Frost & Sullivan Report, we ranked second in 2016 (based on our sales for the year ended 31 March 2017) in the business printing market with retail channels in Hong Kong.

### Market Share of Top 5 Business Printing Service Providers with retail channels, Hong Kong, 2016



*Note: The revenue of our Group is for the financial year ended 31 March 2017*

*Source: Frost & Sullivan Report*

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## INDUSTRY OVERVIEW

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### Entry barriers of the business printing market in Hong Kong

Frost & Sullivan advises that the following factors are the major entry barriers of the business printing market in Hong Kong:

- *High upfront capital investment*

High capital investment is one of the major barriers of the Hong Kong printing market. Capital investment in manufacturing site acquisition, production equipment and facilities purchase, staff recruiting and raw materials purchase all make up the significant upfront capital investment. New entrants with limited funding are difficult to start business in the printing industry in Hong Kong.

- *Difficulties of establishing sophisticated customer relations*

Enterprises, which are the major customers of business printing industry, prefer partnering with familiar printing service providers with proven business records. Some customers and printing service providers even established long-term relationship for quality and cost concerns. It is hard for new entrants to establish sophisticated customer relations and mature distribution channels in a short time.

- *High requirement of skilled staff*

As Hong Kong business printing industry is competitive, local printing service providers pursue high-quality printing operation and constant new technology upgrades, which raises high demand for skilled staff in management as well as in printing operation. As there is limited skilled staff in Hong Kong, it is difficult for new entrants to recruit skilled staffs to start new printing business.

- *Requirement of management experience*

Printing service involves multiple complex production processes including plate making, printing, binding, and packaging. To integrate these processes, professional management teams are required. In addition, it is important for management teams to keep track of market trends and meet the various needs of different customers.

### Our competitive edge

- *Well-known brand and well-established retail network*

The brand of our Group is well-known in Hong Kong, thanks to our developed retail network as well as its intensive marketing efforts. With 22 stores established in Hong Kong as at the Latest Practicable Date, our Group is one of the top five retail printing service providers. In addition, through multiple approaches including online advertisement, magazines and retail stores, our Group has established a positive image among its customers.

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## INDUSTRY OVERVIEW

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- *High quality services with competitive prices*

As one of the leading players among business printing service providers with retail channels, our Group is equipped with integrated online-ordering system with advanced printing machines, which allow our Group to provide high quality printing services with competitive prices to the businesses in Hong Kong. According to the Frost & Sullivan Report, our quoted prices for printing A3 poster are around HK\$2.0 to HK\$3.5 per page for digital printing (below 100 pages) and HK\$0.2 to HK\$1.2 for offset printing, while the offerings in the market are estimated to be around HK\$2.0 to HK\$5.0 and HK\$0.3 to HK\$1.7, respectively.

- *Emphasis on customer experience*

We pay plenty of attention to improve our customer experience both online and offline, as we are operating a large retail network physically and digitally. With a professional and well-trained sales team, we pursue to provide best customer experience.

- *Comprehensive printing service provider*

Unlike other traditional printing companies who provide standardised printing services, our Group positions ourselves as a comprehensive business printing service provider who could offer the optimal service (in terms of timing and cost) to our customers to meet their needs with different printing technology options including offset printing, toner-based digital printing and ink-jet printing.

### **Customer referral in the business printing industry**

According to the Frost & Sullivan Report, while customer referral is not an industry norm in the business printing industry in Hong Kong, it is not unusual for a printing service provider to engage other printing service providers as sub-contractors or, as the case may be, make customer referral to other printing service providers.

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## REGULATORY OVERVIEW

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### OVERVIEW

This section sets out summaries of certain aspects of laws and regulations of Hong Kong which are relevant to our Group's operation and business.

#### (A) Labour

##### 1. *Employment Ordinance (Chapter 57 of the Laws of Hong Kong) ("Employment Ordinance")*

The Employment Ordinance provides for the protection of the wages of employees and regulates general employment conditions.

According to Part VIII of the Employment Ordinance, penalties for contravening the provisions in the Employment Ordinance may range from a fine at level 3 (currently at HK\$10,000) to a fine of HK\$350,000 and imprisonment for 3 years, depending on the particular sections offended. In the case of outstanding wages, pursuant to section 65 an employer convicted of an offence under Employment Ordinance may also be ordered to pay any wages or other sum outstanding in addition to any fine imposed.

##### 2. *Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) ("Employees' Compensation Ordinance")*

The Employees' Compensation Ordinance provides for the payment of compensation to employees who are injured in the course of their employment. This ordinance sets out the rights and obligations of employers and employees in respect of injuries or death caused by accidents arising out of and in the course of employment or by prescribed occupational diseases.

Under the Employees' Compensation Ordinance, if an employee sustains an injury or dies as a result of an accident arising out of and in the course of his employment, his employer is in general liable to pay compensation notwithstanding the employee might have been at fault or negligent when the accident occurred. There are certain exceptions under which no compensation shall be payable by the employer under this ordinance, such as injury not incapacitating the employee from earning full wages at work, deliberate self-injury, false representation by employee and injury attributed to the employee's addiction to drugs or having been influenced by alcohol at the time of accident.

Similarly, if incapacity or the death of an employee results from an occupational disease and is due to the nature of any employment in which the employee was employed at any time within the prescribed period immediately preceding such incapacity or death, then the employee or members of his family, as the case may be, shall be entitled to the same compensation as if such incapacity or death had been caused by an accident arising out of and in the course of employment.



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## REGULATORY OVERVIEW

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Pursuant to section 40(1) of the Employees' Compensation Ordinance, no employer (including principal contractors and sub-contractors) shall employ any employee in any employment unless there is in force in relation to such employee a policy of insurance issued by an insurer for an amount not less than the applicable amount specified in the Fourth Schedule of the ordinance. Currently, the relevant applicable amounts are:

- (a) HK\$100 million per event where the number of employees in relation to whom the policy is in force does not exceed 200;
- (b) HK\$200 million per event where the number of employees in relation to whom the policy is in force exceeds 200;
- (c) HK\$200 million per event where a principal contractor has undertaken to perform any construction work, and to cover his liability and that of his sub-contractor(s); and
- (d) HK\$200 million per event where a group of companies take out a policy of insurance in relation to a group of companies in respect of the liabilities of the companies, bodies corporate and corporations in the group specified in the policy.

A principal contractor may, although not mandatory, take out a policy of insurance to cover for employees of the sub-contractor(s) with respect to its potential liability under section 24 of the Employees' Compensation Ordinance. The principal contractor may also rely on insurance taken out by the sub-contractors as employer for the sub-contractors' employees as required under section 40(1) of the Employees' Compensation Ordinance. Where the principal contractor is liable to pay compensation under section 24 of the Employees' Compensation Ordinance, it is entitled to be indemnified by the sub-contractor who would have been liable to pay compensation to the employee.

An employer contravening section 40(1) of the Employees' Compensation Ordinance commits an offence and is liable:

- (a) on conviction upon indictment to a fine at level 6 (currently at HK\$100,000) and to imprisonment for 2 years; and
- (b) on summary conviction to a fine at level 6 (currently at HK\$100,000) and to imprisonment for 1 year.

Pursuant to section 48 of the Employees' Compensation Ordinance, an employer shall not, without the consent of the Commissioner for Labour, terminate or give notice to terminate the contract of service or apprenticeship of an employee who has suffered incapacity or temporary incapacity which entitles him to compensation under the Employer's Compensation Ordinance before the events stipulated therein. Any employer contravening any provisions in section 48 commits an offence punishable by fine at level 6 (currently at HK\$100,000).

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## REGULATORY OVERVIEW

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### 3. *Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) (“Minimum Wage Ordinance”)*

The Minimum Wage Ordinance provides for a minimum wage at a prescribed hourly rate (currently at HK\$34.5 per hour) during the wage period for every employee engaged under a contract of employment under the Employment Ordinance subject to the exceptions stipulated in section 7 of the ordinance.

Pursuant to section 15 of the Minimum Wage Ordinance, a provision of a contract of employment purporting to extinguish or reduce any right, benefit or protection conferred on the employee by the ordinance is void.

### 4. *Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) (“Mandatory Provident Fund Schemes Ordinance”)*

The Mandatory Provident Fund Schemes Ordinance provides for, among others, the establishment, contributions, registration and regulation of non-governmental mandatory provident fund schemes for the purpose of funding benefits on retirement.

Pursuant to section 7(1) of the Mandatory Provident Fund Schemes Ordinance, every employer of a relevant employee shall take all practicable steps to ensure that the employee becomes a member of a registered scheme within the permitted period and pursuant to 7(1A), every employer of a relevant employee shall take all practicable steps to ensure that the employee continues to be so registered afterwards throughout his employment with that employer. For the purpose of section 7(1), the permitted period is 60 days (non-casual employee) and 10 days (casual employee). An employer who, without reasonable excuse, fails to comply with a requirement imposed on him by section 7 commits an offence and is liable on conviction to a fine of HK\$350,000 and to imprisonment for 3 years and, in the case of an offence consisting of a failure by the employer to comply with the requirement imposed by section 7(1A), to a daily penalty of HK\$500 for each day on which the offence is continued.

Sections 7A(1) and 7A(2) of the Mandatory Provident Fund Schemes Ordinance require an employer to, for each contribution period, contribute an amount from the employer’s own funds to the relevant registered scheme and deduct an amount from the employee’s relevant income for that period as a contribution by the employee to that scheme. Deduction for the employee’s contribution to the scheme is subject to requirements in section 7A(7).

For a relevant employee other than a causal one, the amount to be contributed by an employer or to be deducted from a relevant employee for a contribution period is equal to the prescribed percentage of the employee’s relevant income for that period. Unless prescribed by the regulations otherwise, the prescribed percentage is 5 per cent. In the case of a casual employee who is a member of an industry scheme, the amount shall be determined by reference to a scale specified in an order of the Mandatory Provident Fund Schemes Authority.

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## REGULATORY OVERVIEW

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Where a relevant employee of an employer is not a member of a registered scheme, sections 7AA(2) and 7AA(3) require the employer to pay the employer's contribution and the relevant employee's contribution for the relevant income period to the Mandatory Provident Fund Schemes Authority. A relevant employee does not have a claim against the employer for payment of the amounts that the employer has deducted from the employee's relevant income in accordance with this section and paid to the Mandatory Provident Fund Schemes Authority. Deduction for the employee's contribution to the scheme is subject to requirements in section 7AA(6).

An employer who, without reasonable excuse, fails to comply with sections 7A(1), 7A(2), 7A(7), 7AA(2), 7AA(3) or 7AA(6) commits an offence and is liable on conviction:

- (a) to a fine at level 6 (currently at HK\$100,000) and to imprisonment for 6 months on the first conviction of the offence; and
- (b) to a fine of HK\$200,000 and to imprisonment for 12 months on each subsequent occasion of conviction of the offence.

A relevant employee whose relevant income is less than the minimum level of relevant income (currently HK\$7,100 per month) is not required to contribute to a registered scheme. A relevant employee whose relevant income is more than the maximum level of relevant income (currently HK\$30,000 per month) is not required to contribute to a registered scheme in respect of the excess relevant income. However, in either case, if the relevant employee so wishes, he may elect to do so by giving a notice in writing to his employer. An employer who receives such a notice must give effect to the election by making deductions and paying contributions in respect of the employee. An employer of a relevant employee whose relevant income is more than the maximum level of relevant income may contribute to a registered scheme in respect of the excess relevant income, but is not obliged to do so.

An employer must ensure that the required contributions are paid to the approved trustee of the registered scheme of which the employee is a member within the period and in the manner prescribed by the regulations or, in the case where the relevant employee is not a member of registered scheme, to the Mandatory Provident Fund Schemes Authority on or before the contribution day. An employer who, without reasonable excuse, fails to comply with this requirement commits an offence and is:

- (a) in the case where he has deducted any amount from the employee's relevant income for the contribution period concerned as the employee's contribution and the total amount of contribution paid in respect of the employee to the approved trustee or the Mandatory Provident Fund Schemes Authority (as the case may be) for that contribution period is less than the amount so deducted, liable on conviction to a fine of HK\$450,000 and to imprisonment for 4 years and, in the case of a continuing offence, to a daily penalty of HK\$700 for each day on which the offence is continued; and
- (b) in any other case, liable on conviction to a fine of HK\$350,000 and to imprisonment for 3 years and, in the case of a continuing offence, to a daily penalty of HK\$500 for each day on which the offence is continued.

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Under section 14(4) of the Mandatory Provident Fund Schemes Ordinance, if a member of a registered scheme whose accrued benefits are to be transferred under this section (a) ceases to be an employee of an employer, or (b) becomes an employee of an employer, or (c) does both of those things, the employer or employers must comply with the prescribed requirements with respect to the transfer of those benefits. An employer who, without reasonable excuse, fails to comply with this requirement commits an offence and is liable on conviction:

- (a) to a fine at level 6 (currently at HK\$100,000) and to imprisonment for 6 months on the first conviction of the offence; and
- (b) to a fine of HK\$200,000 and to imprisonment for 12 months on each subsequent conviction of the offence.

Pursuant to section 43BA of the Mandatory Provident Fund Schemes Ordinance, the court may make further orders in proceedings for certain offences in addition to any penalty imposed under section 43B.

Furthermore, an employer who, in a pay-record given to an employee, provides any information that the employer knows to be false or misleading in a material respect, or recklessly provides any information that is false or misleading in a material respect, commits an offence and is liable on conviction:

- (a) to a fine at level 6 (currently at HK\$100,000) and to imprisonment for 12 months on the first conviction of the offence; and
- (b) to a fine of HK\$200,000 and to imprisonment for 2 years on each subsequent conviction of the offence.

### 5. *Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (“Inland Revenue Ordinance”)*

Section 52 of the Inland Revenue Ordinance provides for the furnishing of information to the Commissioner of Inland Revenue by officials and employers.

In particular, under section 52(2), when required by notice in writing given by an assessor, every person who is an employer shall furnish within a reasonable time stated in such notice a return containing employment particulars of all persons employed by him in receipt of remuneration in excess of a minimum figure to be fixed by the assessor or any other person employed by him named by the assessor.

Further, under section 52(4), where any person who is an employer commences to employ in Hong Kong an individual who is or is likely to be chargeable to tax under Part 3 of the Inland Revenue Ordinance, or any married person, he shall give notice thereof in writing to the Commissioner of Inland Revenue not later than 3 months after the date of commencement of such employment, stating the particulars of the individual and the employment.

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## REGULATORY OVERVIEW

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Besides, under section 52(5), where any person who is an employer ceases or is about to cease to employ in Hong Kong an individual who is or is likely to be chargeable to tax under Part 3 of the Inland Revenue Ordinance, or any married person, he shall give notice thereof in writing to the Commissioner of Inland Revenue not later than 1 month before such individual ceases to be employed in Hong Kong, stating particulars of the individual and the expected date of cessation.

In addition, under section 52(6) requires the employer of any individual who is chargeable to tax under Part 3 of the Inland Revenue Ordinance and is about to leave Hong Kong for any period exceeding 1 month to give notice in writing to the Commissioner of Inland Revenue of the expected date of departure of such individual except the individual is required to leave Hong Kong at frequent intervals in the course of his employment. Such notice shall be given not later than 1 month before the expected date of departure unless the Commissioner of Inland Revenue may accept such shorter notice as he may deem reasonable.

Where an employer is required to give notice to the Commissioner of Inland Revenue under section 52(6) as stated in the foregoing paragraph, section 52(7) further requires the employer not to make any payment of money or money's worth to or for the benefit of the individual for a period of 1 month from the date on which he gave the notice.

Any person who without reasonable excuse fails to comply with the requirements of sections 52(2), 52(4), 52(5), 52(6) or 52(7) commits an offence and is liable on conviction to a fine at level 3 (currently at HK\$10,000).

### (B) Health and Safety

#### 1. *Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong)* (*"Factories and Industrial Undertakings Ordinance"*)

The Factories and Industrial Undertakings Ordinance provides for the safety and health protection to workers in the industrial undertaking. Under the Factories and Industrial Undertakings Ordinance, it is the duty of every proprietor of an industrial undertaking to ensure, so far as is reasonably practicable, the health and safety at work of all persons employed by him at the industrial undertaking by:

- (a) providing and maintaining plant and systems of work that are safe and without risks to health;
- (b) making arrangements for ensuring safety and absence of risks to health in connection with the use, handling, storage and transport of articles and substances;
- (c) providing such information, instruction, training and supervision as is necessary to ensure the health and safety at work of all persons employed by him at the industrial undertaking;

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## REGULATORY OVERVIEW

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- (d) maintaining any part of the industrial undertaking under the proprietor's control in a condition that is safe and without risks to health and providing and maintaining means of access to and egress from it that are safe and without such risks; and
- (e) providing and maintaining a working environment for all persons employed by him at the industrial undertaking that is safe, and without risks to health.

A proprietor of an industrial undertaking who contravenes any of these duties commits an offence and is liable to a fine of HK\$500,000. A proprietor who contravenes any of these requirements willfully and without reasonable excuse commits an offence and is liable to a fine of HK\$500,000 and to imprisonment for 6 months.

There are other matters regulated under the subsidiary regulations of the Factories and Industrial Undertakings Ordinance, in particular including:

- (a) Factories and Industrial Undertaking Regulations (Chapter 59A of the Laws of Hong Kong);
- (b) Factories and Industrial Undertaking (First Aid in Notifiable Workplaces) Regulations (Chapter 59D of the Laws of Hong Kong);
- (c) Factories and Industrial Undertaking (Guarding and Operation of Machinery) Regulations (Chapter 59Q of the Laws of Hong Kong);
- (d) Factories and Industrial Undertaking (Fire Precautions in Notifiable Workplaces) Regulations (Chapter 59V of the Laws of Hong Kong); and
- (e) Factories and Industrial Undertaking (Safety Management) Regulations (Chapter 59AF of the Laws of Hong Kong).

Any person or the proprietor of any industrial undertaking or of any notifiable workplace, as the case may be, contravening any of these rules commits an offence. Depending on the regulations contravened, different levels of penalty will be imposed and the person or the proprietor being found guilty of the relevant offence could be liable to a fine up to HK\$200,000 and to imprisonment up to 12 months.

### 2. *Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong)* *("Occupational Safety and Health Ordinance")*

The Occupational Safety and Health Ordinance provides for protection to employees with respect to their safety and health in workplaces. It applies not only to industrial workplaces but also non-industrial.

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## REGULATORY OVERVIEW

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Under the Occupational Safety and Health Ordinance, every employer must, as far as reasonably practicable, ensure the safety and health at work for all employees by:

- (a) providing and maintaining plant and systems of work that are safe and without risks to health;
- (b) making arrangements for ensuring safety and absence of risks to health in connection with the use, handling, storage or transport of plant or substances;
- (c) providing such information, instruction, training and supervision as may be necessary to ensure the safety and health at work of the employees;
- (d) as regards any workplace under the employer's control,
  - (i) maintaining the workplace in a condition that is safe and without risks to health; and
  - (ii) providing or maintaining means of access to and egress from the workplace that are safe and without any such risks; and
- (e) providing and maintaining a working environment for the employees that is safe and without risks to health.

An employer who fails to comply with the above provisions commits an offence and is liable on conviction to a fine of HK\$200,000. Further, an employer who intentionally, knowingly or recklessly fails to comply with these provisions commits an offence and is liable on conviction to a fine of HK\$200,000 and to imprisonment for 6 months.

The Commissioner for Labour may serve improvement notices on an employer or an occupier of the workplace against contravention of this ordinance or the Factories and Industrial Undertakings Ordinance, or suspension notices against an activity or condition or use of workplace where there is an imminent risk of death or serious bodily injury. An employer or occupier who fails to comply with such notices without reasonable excuse commits an offence and is liable on conviction to a fine of HK\$200,000 and HK\$500,000 respectively, and imprisonment of up to 12 months.

### 3. *Occupiers Liability Ordinance (Chapter 314 of the Laws of Hong Kong) ("Occupiers Liability Ordinance")*

The Occupiers Liability Ordinance provides for the liability of occupiers and others for injury or damage resulting to persons or goods lawfully on any land or other property from dangers due to the state of the property or to things done or omitted to be done there, and for purposes connected therewith.

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## REGULATORY OVERVIEW

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Without altering the rules of the common law as to the persons on whom a duty is so imposed or to whom it is owed, the ordinance regulates the nature of the duty imposed by law in consequence of a person's occupation or control of premises and of any invitation or permission he gives (or is to be treated as giving) to another to enter or use the premises.

### (C) Environmental Protection

#### 1. *Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong)* (“*Noise Control Ordinance*”)

The Noise Control Ordinance provides for the prevention, minimising and abatement of noise. Among others, sections 10-13 of the ordinance controls noise emanating from places other than domestic premises, public places or construction sites.

Pursuant to section 13 of the Noise Control Ordinance, the Noise Control Authority may serve a noise abatement notice on the person making the noise or causing or permitting the noise to be made or the person in charge of the place from which the noise is emanating. Any person who, having been served with a noise abatement notice, fails to comply with any requirement therein commits an offence and shall be liable to:

- (a) a fine HK\$100,000 on first conviction;
- (b) a fine of HK\$200,000 on second or subsequent conviction; and
- (c) in any case to a fine of HK\$20,000 for each day during which the offence continues.

During the course of our operation and/or production in connection with our printing services, we should avoid making or causing or permitting a noise which may attract a noise abatement notice be issued by the Noise Control Authority under the Noise Control Ordinance, and should ensure if such a noise abatement notice has been served, that the requirement stated therein must be complied.

#### 2. *Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong)* (“*Waste Disposal Ordinance*”)

The Waste Disposal Ordinance provides for the control and regulation of the production, storage, collection and disposal including the treatment, reprocessing and recycling of waste of any class or description, the licensing and registration of places and persons connected with any such activity, the protection and safety of the public.

In addition to the Waste Disposal Ordinance, our Group shall also observe and comply with the subsidiary regulations, including but not limited to the Waste Disposal (Chemical Waste) (General) Regulation (Chapter 354C of the Laws of Hong Kong) (“**Waste Disposal (Chemical Waste) (General) Regulation**”).



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## REGULATORY OVERVIEW

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Under section 6 of the Waste Disposal (Chemical Waste) (General) Regulation, a person shall not produce or cause to be produced chemical waste unless he is registered as a chemical waste producer. Any person who contravenes this requirement commits an offence and is liable on conviction to a fine of HK\$200,000 and to imprisonment for 6 months.

A chemical waste producer shall ensure that chemical waste is properly packed and stored before disposal as required under the Waste Disposal (Chemical Waste) (General) Regulation. Any waste producer who fails to comply with any of these packing and storing requirements commits an offence and is liable to a fine of HK\$100,000 and to imprisonment for 6 months. Furthermore, a waste producer shall also ensure that chemical waste is properly labelled as required by the regulation, failing which will constitute committing an offence and is liable to a fine of HK\$50,000 and to imprisonment for 6 months.

A chemical waste producer shall engage a licensed waste collector to remove or transport chemical waste. Any person who arranges or causes chemical waste to be removed or transported otherwise than by engaging the services of a licensed waste collector commits an offence and is liable to a fine of HK\$200,000 and to imprisonment for 6 months.

A chemical waste producer is also required to keep and furnish records of its chemical waste disposal information for inspection by Environmental Protection Department (EPD). Among others, a waste producer who fails to comply with such requirement commits an offence and is liable to a fine of HK\$100,000 and to imprisonment for 6 months.

Under section 16 of the Waste Disposal Ordinance, a person shall not use, or permit to be used, any land or premises for the disposal of waste unless he has a licence from the Director of Environmental Protection to use the land or premises for that purpose. Unless he proves that the waste was disposed of in an emergency to avoid danger to the public and as soon as was reasonably practicable he informed the Director of Environmental Protection thereof in writing, a person who contravenes the requirement in section 16 commits an offence and is liable:

- (a) for the first offence, to a fine of HK\$200,000 and to imprisonment for 6 months;
- (b) for a second or subsequent offence, to a fine of HK\$500,000 and to imprisonment for 6 months; and
- (c) in addition, if the offence is a continuing offence to a fine of HK\$10,000 for each day during which it is proved to the satisfaction of the court that the offence has continued.

### (D) Trade and Intellectual Property

#### 1. *Copyright Ordinance (Chapter 528 of the Laws of Hong Kong) (“Copyright Ordinance”)*

The Copyright Ordinance makes provisions in respect of copyright and related rights subsisting in copyright works.

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## REGULATORY OVERVIEW

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A person infringes the copyright in a work by “secondary infringement” if he, without the licence of the copyright owner, imports, exports, possesses, deals with or provides means for making infringing copies, for the purpose or in the course of any trade or business, and which he knows or has reason to believe to be an infringing copy of the work.

An infringement of copyright is actionable by the copyright owner and a person infringing the copyright may incur civil liability for various ways of remedies including damages, injunctions, accounts, order for delivery up or disposal of infringing copy.

Further, under section 118(1) of the Copyright Ordinance, a person commits an offence if he, without the licence of the copyright owner of a copyright work, makes for sale or hire, imports or exports other than for his private and domestic use, sells or lets for hire for the purpose of or in the course of any trade or business, possesses an infringing copy of the work with a view to sell or hire or exhibit for the purpose of or in the course of any trade or business, or distributes an infringing copy of the work as to prejudicially affect the copyright owner.

A person who commits an offence under section 118(1) or (2A) is liable on conviction on indictment to a fine at level 5 (currently HK\$50,000) and to imprisonment for 4 years.

According to section 118(4), a person also commits an offence if he makes, imports, exports, possesses, sells or lets for hire an article specifically designed or adopted for making copies of a particular copyright work which article is used or intended to be used for making infringing copies for sale or hire or use for the purpose of or in the course of any trade or business. Under section 118(8), if a person possesses an article knowing or having reason to believe that it is used or is intended to be used to make infringing copies for sale or hire or use for the purpose of or in the course of any trade or business, he also commits an offence. The penalty for an offence under section 118(4) or (8) is liable on conviction on indictment to a fine of HK\$500,000 and to imprisonment for 8 years.

For the copying service business, section 119A(2) of the Copyright Ordinance specifically provides that a person commits an offence if, for the purpose of or in the course of a copying service business, he possesses a reprographic copy of a copyright work as published in a book, magazine or periodical, being a copy that is an infringing copy of the copyright work. The person is liable on conviction on indictment to a fine at level 5 (currently HK\$50,000) and to imprisonment for 4 years. It may be a defence if the person can prove that the infringing copy was not made for the purpose of nor in the course of copying service business, or it was not made for profit and reward, or he had no knowledge and no reason to believe that the copy of copyright work in question was an infringing copy.

### 2. *Trade Description Ordinance (Chapter 362 of the Laws of Hong Kong) (“Trade Description Ordinance”)*

The Trade Description Ordinance (Cap 362) provides for, among others, the prohibition of false trade descriptions, false, misleading or incomplete information, false marks and misstatements in respect of goods provided in the course of trade or suppliers of such goods.

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## REGULATORY OVERVIEW

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In general, a person commits an offence punishable by a fine of HK\$500,000 and imprisonment for 5 years (on conviction on indictment), or by a fine at level 6 (currently at HK\$100,000) and imprisonment for 2 years (on summary conviction) if he:

- (a) in the course of any trade or business:
  - (i) applies a false trade description to any goods; or
  - (ii) supplies or offers to supply any goods to which a false trade description is applied; or
- (b) has in his possession for sale or for any purpose of trade or manufacture any goods to which a false trade description is applied.

### (E) Obscene and Indecent Articles

#### *Control of Obscene and Indecent Articles Ordinance (Chapter 390 of the Laws of Hong Kong)* (“Control of Obscene and Indecent Articles Ordinance”)

The Control of Obscene and Indecent Articles Ordinance provides to control articles consisting of or containing obscene or indecent material.

Subject to the statutory defence in section 21(2) of the Control of Obscene and Indecent Articles Ordinance, any person who publishes, possesses or imports for the purpose of publication any obscene articles, commits an offence and is liable to a fine of HK\$1,000,000 and to imprisonment for 3 years. Section 28 also provides a defence in respect of the publication of an article or the public display of matter if a Tribunal finds that publication or display was intended for the public good on the ground of interests of science, literature, art or learning, or any other object of general concern.

Further, any person who publishes any indecent article to a person who is a juvenile commits an offence whether or not he knows that it is an indecent article or that the person is a juvenile. On first conviction, the person committing the offence is liable to a fine of HK\$400,000 and to imprisonment for 12 months. On a second or subsequent conviction, he is liable to a fine of HK\$800,000 and to imprisonment for 12 months.

### (F) Counterfeiting Currency Notes

#### *Crimes Ordinance (Chapter 200 of the Laws of Hong Kong)* (“Crimes Ordinance”)

Under section 98(1) of the Crimes Ordinance, a person who makes a counterfeit of a currency note or protected coin, intending that he or another shall pass or tender it as genuine, commits an offence punishable on conviction on indictment to imprisonment for 14 years. Section 98(2) also provides that a person who makes a counterfeit of a currency note or protected coin, without lawful authority or excuse, commits an offence and is liable on conviction on indictment to imprisonment for 3 years.

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## REGULATORY OVERVIEW

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Further, according to section 103(1) of the Crimes Ordinance, a person who, without the written consent of the Monetary Authority, reproduces on any substance whatsoever, and whether or not to the correct scale, any Hong Kong currency note or any part of a Hong Kong currency note, commits an offence and is liable on summary conviction to imprisonment for 6 months and a fine of HK\$20,000.

### (G) Competition

#### 1. *Competition Ordinance (Chapter 619 of the Laws of Hong Kong) (“Competition Ordinance”)*

Enacted on 14 December 2015, the Competition Ordinance is to (i) prohibit conduct that prevents, restricts or distorts competition in Hong Kong, (ii) prohibit mergers that substantially lessen competition in Hong Kong, (iii) establish the Competition Commission and the Competition Tribunal, and (iv) provide for incidental and connected matters.

The Competition Ordinance includes, among other provisions, the following:

- (a) The First Conduct Rule: This rule aims to prohibit anti-competitive agreements, concerted practices and decisions among parties. Under the First Conduct Rule, an undertaking must not:
  - (i) make or give effect to an agreement;
  - (ii) engage in a concerted practice; or
  - (iii) make or give effect to a decision of an association as a member of the association of undertakings,

if the object or effect of the agreement, concerted practice or decision is to prevent, restrict or distort competition in Hong Kong.

- (b) The Second Conduct Rule: This rule aims to prohibit anti-competitive conduct by a party with substantial market power. The Second Conduct Rule prohibits an undertaking that has a substantial degree of market power in a market to abuse that power by engaging in conduct that has as its object or effect the prevention, restriction or distortion of competition in Hong Kong. Conduct such as predatory behaviour towards competitors or limiting production, markets or technical development to the prejudice of consumers may constitute such an abuse. In determining whether an undertaking has a substantial degree of market power, matters such as the undertaking’s market share, its power to make decisions including pricing, and the entry barriers to competitors are all relevant.
- (c) The Competition Ordinance also contains provisions, the Merger Rule, with respect to controlling mergers. However, the merger provisions currently only apply to mergers involving carrier licence holders within the meaning of the Telecommunications Ordinance. In other words, they only apply to the broadcasting and telecommunications sectors and therefore, not to the business of our Group.

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## REGULATORY OVERVIEW

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Upon contravention of a competition rule by an offender, the Competition Tribunal may impose penalties including pecuniary penalty, injunctive orders, disqualification orders, costs orders, award of damages, and other orders.

If a pecuniary penalty is to be imposed, the maximum amount of such pecuniary penalty imposed in relation to conduct constituting a single contravention is 10% of the turnover of the undertaking concerned for each year the contravention occurred, for up to three years of contravention.

Despite that we are one of the few leading companies in the business printing industry with retail channels in Hong Kong, ranking second in 2016 based on our sales for the year ended 31 March 2017 according to the Frost & Sullivan Report, our Directors confirmed that our Group has been in compliance with the Competition Ordinance and there are no pending or potential claims against us for violation of the same during the Track Record Period and up to the Latest Practicable Date. Specifically, in the event that our Group is deemed as having a substantial degree of market power within the meaning of the Competition Ordinance in the printing industry in Hong Kong, our Directors confirmed that our Group has not abused that power by engaging in any conduct that has its object or effect being the prevention, restriction or distortion of competition in Hong Kong in breach of the Second Conduct Rule under the Competition Ordinance.

### Measures to ensure compliance with the Competition Ordinance

In order to ensure continued compliance with the Competition Ordinance in future, our Group has implemented measures which have been distributed to and being made part of the code of conduct of our Group's employees including members of our senior management team, which include:

- (a) they must not form agreements with competitors on prices or inflation of prices;
- (b) when attending industry events such as trade associations events, they must avoid any discussions with competitors regarding the above;
- (c) they must record and notify our compliance officer, Mr. Chau, whenever communication is expected to be made or has been made with our competitors and record the details of any discussion;
- (d) if any employee or senior management is in doubt as to whether a conduct will constitute a violation of the above prohibitions, he/she must consult our compliance officer, Mr. Chau;
- (e) if our compliance officer has any doubt as to whether any conduct will result in a breach of the Competition Ordinance, he should seek legal advice in a timely manner; and
- (f) any violation of the measures mentioned above will constitute a misconduct under the employment and lead to disciplinary action of our Group against the defaulting employee.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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### BACKGROUND

Our Company was incorporated under the laws of the Cayman Islands on 27 April 2017 in preparation for the Listing and is currently the holding company of our subsidiaries. The incorporation of our Company was one of the steps of our Reorganisation with details set out in the sub-section headed “Reorganisation” below in this section.

During the period from late 2014 to early 2015, a series of restructuring steps had been carried out to transfer the businesses and assets from the Former Group to our current operating subsidiaries for the purposes of rationalising our corporate structure, the details of which are set out in the sub-section headed “Our corporate history” below in this section.

As a result of the said restructuring and the Reorganisation, as at the Latest Practicable Date, our Group consisted of our Company (as the ultimate holding company of our subsidiaries), and our subsidiaries, including Universe Printshop as an intermediate holding company, All In 1 Printing, Startec Colour Separation Printing, Universe Printing, Print Shop Limited and Net Printshop as our operating subsidiaries. As at the Latest Practicable Date, our Group provides printing services to our customers principally through our 22 stores located throughout Hong Kong. For details of the key milestones of our business development, please see the sub-section headed “Our business history — Business milestones” in this section.

### OUR BUSINESS HISTORY

Our history can be traced back to 2001 when Mr. Chau and Mr. Hsu, our founders, started their business of providing printing services through setting up our production facilities in Hong Kong with their own personal resources. With the continuous growth in our business, they started to use Former Startec in early 2002 and established Former Universe Printing in 2003 to operate our printing services business in Hong Kong.

Each of our founders has 30 years of experience in the printing industry in Hong Kong. For further details on the experience of Mr. Chau and Mr. Hsu, please see “Directors, Senior Management and Employees” in this prospectus.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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### Business milestones

The following sets forth the key events in the development of our Group up to the Latest Practicable Date:

Year	Event
2001	— Our production facilities set up in Kwun Tong
2003	— Former Universe Printing was incorporated as a limited liability company in Hong Kong
	— Commenced trading under the trade name of “Universe”
2004	— Our first street-level store opened in Kwun Tong in April 2004
	— Launch of our first website <a href="http://www.123print.com.hk">http://www.123print.com.hk</a>
	— Acquired our first four-colour offset press to undertake large volume printing jobs by offset printing
2005	— Former Print Shop commenced business under the trade name of “Print Shop” to launch “chain-store printing services” concept in Hong Kong to provide printing services
2006	— We opened our first stores in Hong Kong Island, one in Fortress Hill and one in Wanchai. In the same year, our first street-level store in the New Territories opened in Yuen Long
2009	— One store opened in Kwun Tong under “Netprint”
2010	— Acquired our first eight-colour offset press

As at the Latest Practicable Date, we operated our business under our four trade names, namely, “Universe”, “Startec”, “Print Shop” and “Netprint” at our 22 stores opened in various locations in Hong Kong, our headquarters and principal place of business in Hong Kong located in Kwun Tong, Kowloon and our websites <http://www.123print.com.hk> and <http://www.printshop.hk>.

### OUR CORPORATE HISTORY

#### Our Company

Our Company was incorporated in the Cayman Islands with limited liability on 27 April 2017 and is the holding company of our subsidiaries. The principal business activity of our Company is investment holding. As at the date of incorporation, it had an authorised share capital of HK\$380,000.00 divided into 38,000,000 Shares with a par value of HK\$0.01 each. On incorporation, (1) one Share was issued nil-paid to the first member of our Company, an Independent Third Party,

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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who transferred such one nil-paid Share to Mr. Chau at nil consideration; and (2) a total of 13,333 Shares were issued as nil-paid to Mr. Chau and the other Existing Shareholders. The shareholding structure of our Company immediately after such issue of Shares is as follows:

Name of Shareholder	Number of nil-paid Shares held	Approximate %
Mr. Chau	5,539	41.54
Mr. Hsu	2,183	16.37
Mr. Leung	1,313	9.85
Mr. Wong	600	4.50
Mr. Wang	365	2.74
Mr. Chia	2,267	17.00
Ms. Ip	667	5.00
Mr. Liu	400	3.00
<b>Total:</b>	<u>13,334</u>	<u>100.00</u>

On 8 June 2017, our Company acquired the entire shareholding interest in Universe Printshop from the Existing Shareholders, in consideration of which all of the above 13,334 nil-paid Shares were credited as fully paid at the direction of the Existing Shareholders.

As a result of the Reorganisation and as at the Latest Practicable Date, our Group comprised seven companies namely, our Company, its direct wholly-owned subsidiary, Universe Printshop, and five indirectly wholly-owned subsidiaries, namely, All In 1 Printing, Print Shop Limited, Universe Printing, Startec Colour Separation Printing and Net Printshop, principally providing printing services in Hong Kong.

Please refer to Corporate Structure Chart 2 for illustration of the shareholding structure of our Group after completion of the Reorganisation and immediately prior to the Capitalisation Issue and the Share Offer under the sub-section headed “Corporate structure” in this section.

### Universe Printshop

Universe Printshop was incorporated in the Cayman Islands with limited liability on 8 January 2015. Its principal business activity is investment holding. It is our intermediate holding company, holding our interests in our five operating subsidiaries.



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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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Pursuant to the respective Pre-IPO Investment Agreements made between Universe Printshop with each of the Pre-IPO Investors separately dated 8 November 2016, each of the Pre-IPO Investors subscribed for such number of new ordinary shares of Universe Printshop of par value of US\$1.00 each (“**Pre-IPO Subscription Shares**”) at the respective total subscription price set out below:

<b>Pre-IPO Investor</b>	<b>Number of subscription shares</b>	<b>Approximate percentage shareholding in Universe Printshop as enlarged by the subscription of shares by Pre-IPO Investors</b>	<b>Total subscription price payable</b>
Mr. Chia	2,267	17.00%	HK\$12,000,000
Ms. Ip	667	5.00%	HK\$5,000,000
Mr. Liu	<u>400</u>	<u>3.00%</u>	<u>HK\$3,000,000</u>
<b>Total:</b>	<u>3,334</u>	<u>25.00%</u>	<u>HK\$20,000,000</u>

The Pre-IPO Subscription Shares set out above were allotted and issued to the respective Pre-IPO Investors as nil-paid shares on 8 November 2016. The subscription price payable by the respective Pre-IPO Investors were fully settled on 15 November 2016, and all the Pre-IPO Subscription Shares were then credited as fully-paid on the same date. The shareholding interests of the Existing Shareholders (including the Pre-IPO Investors) upon completion of the Pre-IPO Investments are set out below:

<b>Name of shareholder</b>	<b>Number of shares of Universe Printshop (as fully paid shares) held</b>	<b>Approximate percentage of shareholding %</b>
Mr. Chau	5,539	41.54
Mr. Hsu	2,183	16.37
Mr. Leung	1,313	9.85
Mr. Wong	600	4.50
Mr. Wang	365	2.74
Mr. Chia	2,267	17.00
Ms. Ip	667	5.00
Mr. Liu	<u>400</u>	<u>3.00</u>
<b>Total:</b>	<u>13,334</u>	<u>100.00</u>

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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For further details of the Pre-IPO Investments, please see the sub-section headed “Pre-IPO Investments” in this section.

On 8 June 2017, the entire issued share capital of Universe Printshop was acquired by our Company from the Existing Shareholders, in consideration for all of the 13,334 nil-paid Shares being credited as fully paid at the direction of the Existing Shareholders. As a result of the said acquisition and as at the Latest Practicable Date, Universe Printshop is wholly owned by our Company.

### Our Operating Subsidiaries

#### 1. *All In 1 Printing*

All In 1 Printing is a company incorporated in Hong Kong with limited liability on 21 May 2008. It had been one of our operating subsidiaries providing printing services in Hong Kong through Netprint since 1 April 2015 until 17 April 2017 when the printing business was taken up by Net Printshop. Since then, All In 1 Printing became an investment holding company holding interest in our operating subsidiaries. For further details on Netprint, please see the sub-section headed “Our business operated under “Netprint” by Former Netprint” below in this section. A brief corporate history and major shareholding changes of All In 1 Printing are set out below:

Date	Parties involved	Details
21 May 2008	Mr. Chau	One initial share was allotted and issued to Mr. Chau as fully paid.
20 July 2010	Mr. Hsu	One share was allotted and issued to Mr. Hsu as fully paid. As a result, each of Mr. Chau and Mr. Hsu held 50% of the issued share capital of All In 1 Printing.
30 March 2015	Mr. Chau, Mr. Hsu and Universe Printshop	Each of Mr. Chau and Mr. Hsu transferred his one share to Universe Printshop at a nominal consideration of HK\$1.00 per share as part of the corporate restructuring in preparation for the listing of our Group on the Stock Exchange, as a result All In 1 Printing became a wholly-owned subsidiary of Universe Printshop.
31 March 2015	Universe Printshop	The issued share capital of All In 1 Printing was increased to a total of 10,000,000 shares by the allotment and issuance of an additional 9,999,998 shares as fully paid to Universe Printshop.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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Between 30 to 31 March 2015, as part of the corporate restructuring in preparation for the listing of our Group on the Stock Exchange, All In 1 Printing acquired the entire issued share capital of each of Print Shop Limited, Startec Colour Separation Printing and Universe Printing. It has also held indirect interest in the entire issued share capital of Net Printshop through Print Shop Limited since the incorporation of Net Printshop on 6 February 2017.

### 2. *Print Shop Limited*

Print Shop Limited is a company incorporated in Hong Kong with limited liability on 29 August 2005, with no business operation since its incorporation until completion of the Print Shop Business Transfer on 1 January 2015, and thereafter it has served as one of our operating subsidiaries principally engaged in the provision of printing and related services through our stores under the trade name “Print Shop”.

A brief corporate history and major shareholding changes of Print Shop Limited are set out below:

Date	Parties involved	Details
13 September 2005	Mr. Chau and Mr. Leung	One share was allotted and issued to each of Mr. Chau and Mr. Leung as fully paid.
2 June 2008	Mr. Chau and Mr. Leung	124,999 additional shares were allotted and issued to each of Mr. Chau and Mr. Leung as fully paid, as a result of which its issued share capital was increased to 250,000 shares and held by Mr. Chau and Mr. Leung in equal shares.
30 March 2015	Mr. Chau, Mr. Leung and All In 1 Printing	Each of Mr. Chau and Mr. Leung transferred all their shares to All In 1 Printing at a nominal consideration of HK\$1.00 per share, as a result of which it became a direct wholly-owned subsidiary of All In 1 Printing.
31 March 2015	All In 1 Printing	Its issued share capital was further increased from 250,000 shares to 10,000,000 shares by the allotment and issuance of an additional 9,750,000 shares, credited as fully paid, to All In 1 Printing.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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### 3. *Universe Printing*

Universe Printing is a company incorporated in Hong Kong with limited liability on 18 March 2015. It serves as one of our operating subsidiaries principally engaged in the provision of printing and related services since the completion of the Universe Printing Business Transfer. For more details on the Universe Printing Business Transfer, please see the sub-section headed “Business Transfers — Universe Printing Business Transfer” below in this section.

A brief corporate history and major shareholding changes of Universe Printing are set out below:

Date	Parties involved	Details
18 March 2015	An Independent Third Party	One initial share was allotted and issued as fully paid to an Independent Third Party
30 March 2015	The Independent Third Party and All In 1 Printing	The one initial share was transferred to All In 1 Printing on 30 March 2015 at a nominal consideration of HK\$1.00, as a result of which it became a direct wholly-owned subsidiary of All In 1 Printing.
	All In 1 Printing	Subsequent to such transfer, its issued share capital was increased to a total of 10,000 shares by the allotment and issuance of 9,999 additional shares to All In 1 Printing as fully paid.
31 March 2015	All In 1 Printing	Its issued share capital was further increased from 10,000 shares to 10,000,000 shares by the allotment and issuance of 9,990,000 additional shares to All In 1 Printing as fully paid.

### 4. *Startec Colour Separation Printing*

Startec Colour Separation Printing is a company incorporated in Hong Kong with limited liability on 23 March 2015. Startec Colour Separation Printing serves as one of our operating subsidiaries principally engaged in the provision of printing and related services since the completion of the Startec Business Transfer. For more details on the Startec Business Transfer, please see the sub-section headed “Business Transfers — Startec Business Transfer” below in this section.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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A brief corporate history and major shareholding changes of Startec Colour Separation Printing are set out below:

Date	Parties involved	Details
23 March 2015	An Independent Third Party	One initial share was allotted and issued as fully paid to an Independent Third Party.
31 March 2015	The Independent Third Party and All In 1 Printing	The one initial share was transferred from the Independent Third Party to All In 1 Printing at a nominal consideration of HK\$1.00, as a result of which it became a direct wholly-owned subsidiary of All In 1 Printing.
	All In 1 Printing	Subsequent to such transfer, its issued share capital was increased from one share to 10,000,000 shares by the allotment and issuance of 9,999,999 additional shares to All In 1 Printing as fully paid.

### 5. *Net Printshop*

Net Printshop is a company incorporated in Hong Kong with limited liability on 6 February 2017. On incorporation, 100,000 shares were allotted and issued as fully paid to Print Shop Limited. Since its incorporation and up to the Latest Practicable Date, Net Printshop is a direct wholly-owned subsidiary of Print Shop Limited.

On 17 April 2017, Net Printshop commenced its printing business and provision of printing related services under the trade name “Netprint”. For more details on the history of our business operated under “Netprint” prior to the commencement of business Net Printshop trading as “Netprint”, please see the sub-section headed “Our business operated under “Netprint” by Former Netprint” below in this section.

All of the share transfers mentioned above in relation to our operating subsidiaries have been properly and legally completed and settled.

#### **Our business operated under “Netprint” by Former Netprint**

As part of our business expansion in opening more stores to provide services to our customers and as a market strategy to create different brand names to offer customers with more choices, with a view to maximising our market penetration in the provision of printing and related services, in 2009, one of our founders, Mr. Hsu, established a sole proprietorship under the laws of Hong Kong under the trade name of “Netprint” (“**Former Netprint**”) to operate a store in Kwun Tong to provide printing services with a focus on printing business cards, advertisements, posters, magazines and providing

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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ink-jet printing and print mounting services. Prior to seeking professional advice in preparation for the Listing, our management had the misconception that by allowing different registered owners of our Former Group Entities or Group entities to hold the business under our different brand names, it would be beneficial in enhancing our brand imagery, such that the appearance of our brands being owned by different owners would be perceived by our customers and potential customers as having a greater selection of brands to choose from in the market. As such, our founders adopted the strategy of registering “Netprint” as a sole proprietorship with Mr. Hsu being the sole registered owner, and another of our initial trade name “Universe” was registered under Former Universe Printing and our trade name “Print Shop” was later created under Former Print Shop. Whilst Mr. Hsu was the sole registered owner of Former Netprint since its establishment, its business operations had in fact been funded by Former Universe Printing and managed by Mr. Chau and Mr. Hsu.

In around December 2014, for the purpose of combining and streamlining our businesses and the corporate structure of our then operating entities after arm’s length negotiations among Mr. Chau, Mr. Hsu, Mr. Leung, Mr. Wong and Mr. Wang who were then shareholders / partners of one or more of the entities in our Former Group (the “**Original Stakeholders**”), they had come to an agreement on their respective ultimate beneficial interests in our Group and our Group underwent a corporate and business restructuring so that our business under the Former Group were transferred to the relevant operating subsidiaries of our Group, and held by the Original Stakeholders under one common holding company, Universe Printshop.

After completion of such restructuring, Universe Printshop was held by Mr. Chau, Mr. Hsu, Mr. Leung, Mr. Wong and Mr. Wang as to 55.39%, 21.83%, 13.13%, 6.00% and 3.65%, respectively (“**Relevant Proportion**”).

As part of the restructuring, it was also agreed amongst the Original Stakeholders that all of our current operating entities injected with our business through the Business Transfers, namely, Universe Printing, Startec Colour Separation Printing and Print Shop Limited, as well as Former Netprint, would be ultimately and beneficially owned by them through All In 1 Printing. Due to the misconception of our founders and the other Original Stakeholders that a registered owner different from our Group’s senior management and beneficial owners would be beneficial to our brand management of “Netprint” as aforesaid, with a view to maximising our Group’s market share, it was decided by the Original Stakeholders that Former Netprint would continue as a sole proprietorship trading under the trade name of “Netprint” and registered under the name of one of our employees (an Independent Third Party) (“**Nominee Employee**”) as the nominee of All In 1 Printing so that we could continue to implement this brand management strategy. Accordingly, since 1 April 2015, Former Netprint’s business had been carried on as a sole proprietorship with its registered owner being the Nominee Employee, while our Group’s management, including Mr. Chau and Mr. Hsu, had managed and retained control over the business and assets of Former Netprint, with the assistance of other members of our senior management team and our employees employed under Former Netprint. In view of our application for the Listing, and upon receipt of professional advice on the Reorganisation and for the purpose of strengthening of our internal control and risk management systems, our Directors and senior management, which include all the Original Stakeholders, considered that while we would continue to operate our business under different brand names, our brand management strategy that

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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different brands should be held by different registered owners mentioned above would no longer be necessary. Therefore, we established Net Printshop in February 2017 to take up the then business of Former Netprint under the same trade name of “Netprint”. Pursuant to a confirmatory deed dated 5 June 2017, the Nominee Employee confirmed that he had been carrying on Former Netprint’s business as a sole proprietor for and on behalf of, and solely as a trustee and nominee of, All In 1 Printing since 1 April 2015 until on 17 April 2017 when the same business was taken up by Net Printshop trading as “Netprint”.

### Entities which have ceased to be members of our Group as a result of the Business Transfers

#### A. *Former Startec*

Former Startec was incorporated in Hong Kong with limited liability on 30 November 2001. It had been providing printing related services since 2002 prior to the Startec Business Transfer.

A brief corporate history and major shareholding changes of Former Startec are set out below:

Date	Parties involved	Details
28 December 2001	Mr. Chau and Ms. Siu (spouse of Mr. Chau)	One initial share was allotted and issued to each of Mr. Chau and Ms. Siu (who held such share on trust for Mr. Chau for the purpose of complying with the requirement of the then effective Predecessor Companies Ordinance that a limited liability company incorporated in Hong Kong must have at least two shareholders).
23 November 2005	Mr. Chau and Mr. Wong	Four additional shares were allotted and issued to each of Mr. Chau and Mr. Wong as fully paid. Mr. Wong was at that time a member of our senior management team.  Accordingly, as at 23 November 2005, Former Startec was beneficially owned as to 60% by Mr. Chau and 40% by Mr. Wong.
6 December 2005	Mr. Chau and Mr. Wong	5,994 additional shares and 3,996 additional shares were allotted and issued to Mr. Chau and Mr. Wong respectively as fully paid, thereby resulting in Former Startec becoming beneficially owned as to 60% by Mr. Chau and 40% by Mr. Wong.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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Date	Parties involved	Details
21 November 2012	Mr. Chau, Ms. Siu and Mr. Wong	<p>Mr. Chau transferred 900 shares held by him to Mr. Wong at nominal consideration of HK\$1.00 per share in recognition of Mr. Wong's contribution to the growth of our Group's business and his additional responsibilities to oversee the daily operations of more stores.</p> <p>Ms. Siu transferred her one share back to Mr. Chau at his direction at the nominal consideration of HK\$1.00.</p> <p>After completion of the said transfers and up to the Latest Practicable Date, Former Startec had been owned as to 51% and 49% by Mr. Chau and Mr. Wong respectively.</p>

As a result of the completion of the Startec Business Transfer, all the printing business previously operated by Former Startec had been transferred to and operated by Startec Colour Separation Printing and Former Startec has ceased all business activities since then.

### B. *Former Universe Printing*

Former Universe Printing was incorporated in Hong Kong with limited liability on 26 November 2003. It commenced business in 2003 to provide printing services and operate our store located in Kwun Tong prior to the Universe Printing Business Transfer. A brief corporate history and major shareholding changes of Former Universe Printing are set out below:

Date	Parties involved	Details
20 November 2003	Mr. Chau and Mr. Hsu	One initial share was allotted and issued to each of Mr. Chau and Mr. Hsu as fully paid.
3 December 2003	Mr. Chau and Mr. Hsu	509 additional shares and 489 additional shares were allotted and issued to Mr. Chau and Mr. Hsu respectively as fully paid, so that Former Universe Printing became owned as to 51% by Mr. Chau and 49% by Mr. Hsu.



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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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Date	Parties involved	Details
8 September 2004	Mr. Chau and Samfine Creation Limited ( <i>Note</i> )	Mr. Chau transferred all his 510 shares to Samfine Creation Limited at nominal consideration of HK\$1.00 per share which was determined with reference to the then par value of the shares. Upon completion of such transfer, Former Universe Printing was owned as to 51% and 49% by Samfine Creation Limited and Mr. Hsu respectively, and through Mr. Chau's 40% shareholding interest in Samfine Creation Limited, Mr. Chau had an effective shareholding interest of 20.4 % in Former Universe Printing.
12 November 2007	Samfine Creation Limited, Mr. Chau and Ms. Mok	Samfine Creation Limited transferred all its shares in Former Universe Printing to (i) Mr. Chau as to 410 shares at nominal consideration of HK\$1.00 per share which was determined with reference to the then per value of the shares; and (ii) Ms. Mok, the spouse of Mr. Leung, as to 100 shares at nominal consideration of HK\$1.00 per share, which was determined with reference to the then per value of the shares. As part of Mr. Leung's family arrangement, Ms. Mok has held such 100 shares as a nominee on trust for Mr. Leung.
	Mr. Hsu, Mr. Chau, Former Startec and Mr. Wang	Mr. Hsu transferred a total of 90 shares to Mr. Chau, Mr. Wang and Former Startec as to 30 shares to each of them respectively at nominal consideration of HK\$1.00 which was determined with reference to the then per value of the shares.  As a result of the above share transfers, Former Universe Printing was owned as to 44%, 40%, 10%, 3% and 3% by Mr. Chau, Mr. Hsu, Ms. Mok (as nominee of Mr. Leung), Mr. Wang and Former Startec respectively.
10 February 2009	Mr. Chau, Mr. Hsu, Former Startec, Mr. Wang and Ms. Mok (as nominee of Mr. Leung)	A total of 2,521,000 new shares were allotted and issued to Mr. Chau, Mr. Hsu, Ms. Mok (as nominee of Mr. Leung), Mr. Wang and Former Startec pro rata to their then percentage shareholding as registered shareholders of Former Universe Printing as fully paid.

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Date	Parties involved	Details
		Since then and up to the Latest Practicable Date, Former Universe Printing had been owned as to 44%, 40%, 10%, 3% and 3% by Mr. Chau, Mr. Hsu, Ms. Mok (as nominee of Mr. Leung), Mr. Wang and Former Startec, respectively.

*Note: Samfine Creation Limited was incorporated in Hong Kong with limited liability in March 1997 and owned as to 40% equity interest by Mr. Chau since 6 March 1998 until Mr. Chau disposed of all his shareholding interest to another shareholder of that company on 3 August 2009. Samfine Creation Limited was one of our top five suppliers during each of FY2016, FY2017 and 7M of FY2018 and has been an Independent Third Party since Mr. Chau disposed of all his shares in it.*

As a result of the completion of the Universe Printing Business Transfer, all the printing business previously operated by Former Universe Printing had been transferred to and operated by Universe Printing and Former Universe Printing only retained the ownership of the Retained Properties (defined below). Since then, Former Universe Printing became a property and investment holding company and it has ceased all business activities except for the renting out of the Retained Properties.

### C. *Former Print Shop*

Former Print Shop comprised several partnerships registered under the Business Registration Ordinance (Chapter 310 of the laws of Hong Kong), with the first one commenced business operation on 13 April 2005 to operate our stores under the trade name “Print Shop”. In order to simplify the legal structure of Former Print Shop, we only kept the business registration of one of these partnerships to continue operating our stores under the trade name of “Print Shop” since 1 January 2007. Mr. Chau, Mr. Leung and Mr. Wang were the three partners to such partnership that continued in existence since 1 January 2007. Since the completion of the Print Shop Business Transfer as detailed in the sub-section headed “Business Transfers — Print Shop Business Transfer” below in this section, all the business, assets, liabilities and obligations, including all the business carried on at all the stores operated under the trade name “Print Shop”, had been taken up by Print Shop Limited trading as “Print Shop”. As a result of the completion of the Print Shop Business Transfer, all the printing business previously operated by Former Print Shop had been transferred to and been operated by Print Shop Limited and Former Print Shop has ceased all business activities since then.

All of the share transfers mentioned above in relation to the Former Group have been properly and legally completed and settled.

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### Business Transfers

As mentioned in the sub-section headed “Our business operated under “Netprint” by Former Netprint” above in this section, to streamline and rationalise the corporate structure of our then operating entities, the Original Stakeholders carried out a review of the related business interests held by each of them. After arm’s length negotiations among the Original Stakeholders, they had come to an agreement on their Relevant Proportion of their respective ultimate beneficial interests in our Group and each of our Group’s operating entities and our Group would undergo a corporate and business restructuring so that their shareholding / interests owned by various Original Stakeholders in different proportions would be realigned to the Relevant Proportion. In formulating the restructuring plan, it was contemplated that Universe Printshop would be the intermediate holding company of our Group and our Group would be held by the Original Stakeholders in the Relevant Proportion through their direct shareholding in Universe Printshop (prior to the Pre-IPO Investment and other steps of the Reorganisation) which would in turn hold our operating subsidiaries.

As Former Universe Printing was the owner of the Retained Properties (as defined below) and the then ultimate beneficial owners of Former Universe Printing preferred to exclude the Retained Properties from our Group and the value of the Retained Properties was not taken into account in calculating the Relevant Proportion among the Original Stakeholders, it was agreed among the Original Stakeholders and the ultimate beneficial owners of Former Universe Printing that the entire equity interest of Former Universe Printing would be retained by its ultimate beneficial owners, while all the printing business of Former Universe Printing would be transferred to our Group. Furthermore, at that time Former Startec had 3% shareholding interest in Former Universe Printing, and thus transferring the entire shareholding interest of Former Startec to our Group would involve the transfer of shareholding interest in Former Universe Printing.

Having considered the above and that Former Print Shop, which was a major operating entity in the Former Group, was a partnership instead of a company, the Original Stakeholders had decided to transfer all the business then operated by Former Startec, Former Universe Printing and Former Print Shop (together with all related assets, rights and obligations, except the ownership in the Retained Properties held by Former Universe Printing) to our current Group companies, namely, Startec Colour Separation Printing, Universe Printing and Print Shop Limited respectively.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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The following table summarises the principal terms of the respective agreements in relation to the Business Transfers and the overall effect of the Business Transfers.

	<b>Startec Business Transfer</b>	<b>Universe Printing Business Transfer</b>	<b>Print Shop Business Transfer</b>
<b>Agreement and date</b>	Startec Business Transfer Agreement dated 31 March 2015	Universe Printing Business Transfer Agreement dated 31 March 2015	Print Shop Business Transfer Agreement dated 31 December 2014
<b>Parties</b>	Former Startec (as vendor) and Startec Colour Separation Printing (as purchaser)	Former Universe Printing (as vendor) and Universe Printing (as purchaser)	Former Print Shop (as vendor) and Print Shop Limited (as purchaser)
<b>Subject matter of the transfer</b>	All the business operated by Former Startec (being printing services business) together with all assets (including stock-in-trade, chattels, goodwill, accounts receivables, goodwill in connection with the business, but excluding its 3% interest in Former Universe Printing), liabilities (including accounts payables and debts), rights and obligations relating to its business	All the business operated by Former Universe Printing (being printing services business) together with all assets (including stock-in-trade, chattels, goodwill, accounts receivables, goodwill in connection with the business, but excluding the properties owned by Former Universe Printing situated at Basement Unit A4, Units A, M, N, Q and R on 8/F and Unit A on 9/F, Block 4, Kwun Tong Industrial Centre, 436-446 Kwun Tong Road, Kowloon, Hong Kong (collectively, the “ <b>Retained Properties</b> ”)), liabilities (including accounts payables and debts), rights and obligations relating to its business	All the business operated by Former Print Shop (being printing services business) together with all assets (including stock-in-trade, chattels, goodwill, accounts receivables, goodwill in connection with the business), liabilities (including accounts payables and debts), rights and obligations relating to its business
<b>Consideration</b>	Approximately HK\$0.7 million	Approximately HK\$16.5 million	Approximately HK\$0.1 million

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	<b>Startec Business Transfer</b>	<b>Universe Printing Business Transfer</b>	<b>Print Shop Business Transfer</b>
<b>Basis of consideration</b>	Determined based on the unaudited net asset value of Former Startec (excluding the 3% interest in Former Universe Printing) as at 31 March 2015	Determined based on the unaudited net asset value of Former Universe Printing (excluding the Retained Properties) as at 31 March 2015	Determined based on the unaudited net asset value of Former Print Shop as at 31 December 2014
<b>Completion date</b>	1 April 2015	1 April 2015	1 January 2015
<b>Number of stores / place of business attributable to the Former Group Entity immediately before completion of the Business Transfers</b>	Former Startec used our then office located at <i>Basement A4, Block 4, Kwun Tong Industrial Centre, 436-446 Kwun Tong Road, Kowloon</i> to receive and handle purchase orders for our ink-jet printing services under the trade name of “Startec”.	Former Universe Printing used our then office located at <i>Basement A4, Block 4, Kwun Tong Industrial Centre, 436-446 Kwun Tong Road, Kowloon</i> to receive and handle purchase orders for our offset printing services under the trade name of “Universe”.	Former Print Shop operated a total of 19 stores located at various locations in Hong Kong.
<b>Brand / trade name involved in the transfer</b>	“Startec”	“Universe”	“Print Shop”
<b>Change in business activities of the Former Group Entity after the relevant Business Transfers</b>	Upon completion of the Startec Business Transfer on 1 April 2015, Former Startec became inactive.	Upon completion of the Universe Printing Business Transfer on 1 April 2015, Former Universe Printing became a property and investment holding company and ceased all its business except the renting out of the Retained Properties in return for rental income.	Upon completion of the Print Shop Business Transfer on 1 January 2015, all the business carried on at all the stores operated under the trade name “Print Shop” had been taken up and operated by Print Shop Limited and Former Print Shop has ceased all its business since then.

All the brand / trade names initially held and used by the Former Group Entities, namely, “Universe”, “Startec”, “Print Shop”, were transferred to our Group as a result of the Business Transfers.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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All of the Business Transfers mentioned above have been properly and legally completed and settled.

Our Directors confirmed that none of the Former Group Entities had any material non-compliance incidents committed or was involved in any material claims, litigation or legal proceedings during the time when our Group's business were operated by them prior to the completion of the Business Transfers.

### PRE-IPO INVESTMENTS

#### Overview of the Pre-IPO Investments

On 8 November 2016, Universe Printshop and each of the Pre-IPO Investors separately entered into a Pre-IPO Investment Agreement, on similar terms and conditions except for the number of new shares of Universe Printshop to be subscribed and the aggregate subscription price payable by the relevant Pre-IPO Investors. Set out below are the details of the three Pre-IPO Investment Agreements entered into by each of the Pre-IPO Investors:

	<b>Mr. Chia</b>	<b>Ms. Ip</b>	<b>Mr. Liu</b>
Date of entering into the relevant Pre-IPO Investment Agreement	8 November 2016	8 November 2016	8 November 2016
Parties to the relevant Pre-IPO Investment Agreement	Universe Printshop and Mr. Chia	Universe Printshop and Ms. Ip	Universe Printshop and Mr. Liu
Number of shares issued by Universe Printshop as a result of the Pre-IPO Investment	2,267	667	400
Number of Shares issued by our Company credited as fully paid up in exchange for the relevant portions of the issued shares of Universe Printshop transferred to our Company from the Pre-IPO Investors as part of the Reorganisation	2,267	667	400
Amount of consideration paid to our Group	HK\$12,000,000	HK\$5,000,000	HK\$3,000,000
Payment date of the consideration	15 November 2016	15 November 2016	15 November 2016

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	Mr. Chia	Ms. Ip	Mr. Liu
Completion date of the Pre-IPO Investment	15 November 2016	15 November 2016	15 November 2016
Total number of Shares held by the Pre-IPO Investor after the Capitalisation Issue	114,760,000 Shares	33,760,000 Shares	20,260,000 Shares
Percentage shareholding held by the Pre-IPO Investor before the Share Offer and the Capitalisation Issue	Approximately 17.00%	Approximately 5.00%	Approximately 3.00%
Percentage shareholding held by the Pre-IPO Investor immediately after the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be allotted and issued pursuant to the exercise of options that may be granted under the Share Option Scheme)	12.75%	3.75%	2.25%
Cost per Share paid (before the Capitalisation Issue)	Approximately HK\$5,293.34 per Share	Approximately HK\$7,496.25 per Share	HK\$7,500.00 per Share
Cost per Share paid (after the Capitalisation Issue)	Approximately HK\$0.10 per Share	Approximately HK\$0.15 per Share	Approximately HK\$0.15 per Share
Discount to the Offer Price (assuming the Offer Price of HK\$0.22, being the mid-point of the Offer Price range)	Approximately 52.5% (Note)	Approximately 32.7% (Note)	Approximately 32.7% (Note)

*Note:* The percentage figure is arrived at based on the exact amount of cost per Share (after the Capitalisation Issue) which was calculated by dividing the relevant investment amount with the total number of Shares held by the relevant Pre-IPO Investor after the Capitalisation Issue without rounding off.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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Basis of determining the consideration

The consideration paid by the Pre-IPO Investors in the subscription of new shares of Universe Printshop was determined after arm's length negotiations between each of the Pre-IPO Investors and our Group by reference to the financial performance and profitability of our Group and the investment risks assumed by the Pre-IPO Investors in investing in an unlisted company.

Apart from the above basis applicable to each of the Pre-IPO Investors, particularly, we offered Mr. Chia a more favourable pricing compared to that offered to Ms. Ip and Mr. Liu because Mr. Chia's investment amount of HK\$12,000,000 was significantly larger than the respective investment amounts of Ms. Ip and Mr. Liu of HK\$5,000,000 and HK\$3,000,000.

Use of proceeds

The terms of the Pre-IPO Investment Agreements did not stipulate on the use of proceeds raised from the respective Pre-IPO Investments by our Group. Nevertheless, it is our intention that the aggregate proceeds raised from the Pre-IPO Investments will be used for our general working capital. As at the Latest Practicable Date, approximately HK\$7.6 million out of such proceeds remained unutilised.

### Information regarding the Pre-IPO Investors

All of the three Pre-IPO Investors are individuals, namely, Mr. Chia, Ms. Ip and Mr. Liu, and each of them has acquired his/her new shares of Universe Printshop as beneficial owner and from his/her personal resources. Mr. Chia has extensive experience in corporate finance, management and investment. He had been an executive director of CNC Holdings Limited (stock code: 8356), a company listed on the Stock Exchange, from 2010 to March 2017 and then a non-executive director of such company from March 2017 to October 2017. Mr. Liu was the founder of a group of companies principally engaged in providing sourcing and procurement solutions to brand owners and importers in Hong Kong. He also has extensive experience in corporate banking accumulated through working with a major international bank. Ms. Ip is a private investor.

Mr. Chia was introduced to our executive Directors in around April 2016 by an Independent Third Party who was a mutual friend of Mr. Chau and Mr. Chia. Through Mr. Chia's introduction, Mr. Liu and Ms. Ip got to know our Group. They decided to make the investment in our Group after evaluating the financial position and business prospects of our Group with a view of the proposed Listing. Prior to his Pre-IPO Investment in our Group, Mr. Chia was an Independent Third Party, Mr. Chia will become a substantial shareholder of the Company upon Listing. Each of Ms. Ip and Mr. Liu has been and is an Independent Third Party. Save for the Pre-IPO Investments, each of Mr. Chia, Ms. Ip and Mr. Liu is not connected with one another and has no other relationship among them.



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Save as disclosed above, each of the Pre-IPO Investors does not have any other relationship with our Group, our Shareholders, our Directors, our senior management, any connected persons of our Company and any of their respective associates. None of the acquisition of the shares in Universe Printshop by the Pre-IPO Investors was financed directly or indirectly by any connected person of our Company (save for Mr. Chia himself who will become a substantial shareholder of our Company upon Listing as mentioned above).

No special rights had been granted to any of the Pre-IPO Investors under Pre-IPO Investment Agreements.

### **Lock-up undertakings by the Pre-IPO Investors and public float**

None of the Pre-IPO Agreements imposed any lock-up obligations over the Shares held by any of the Pre-IPO Investors upon Listing. However, Mr. Chia, one of our Pre-IPO Investors, has voluntarily undertaken to our Company, the Sponsor, the Joint Lead Managers and the Underwriters that he shall not at any time in the period commencing on the date by reference to which disclosure of his shareholding in our Company is made in this prospectus and ending on the date which is 24 months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interest or encumbrances in respect of, any of the Shares held by him as shown in this prospectus. Each of the other Pre-IPO Investors, namely, Ms. Ip and Mr. Liu, has also voluntarily undertaken to our Company, the Sponsor, the Joint Lead Managers and the Underwriters that he/she shall not at any time in the period commencing on the date by reference to which disclosure of his/her shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interest or encumbrances in respect of, any of the Shares held by him/her as shown in this prospectus.

All of the above undertakings by the Pre-IPO Investors cannot be waived.

Since Mr. Chia, one of the Pre-IPO Investors, will be holding more than 10% of the total issued share capital of our Company immediately following the completion of the Capitalisation Issue and the Share Offer, he will be a substantial shareholder of our Company under the GEM Listing Rules, and the Shares held by Mr. Chia will not be counted as part of the public float for the purpose of Rule 11.23 of the GEM Listing Rules. Since Ms. Ip and Mr. Liu are Independent Third Parties, the Shares held by them will be considered as part of the public float for the purpose of Rule 11.23 of the GEM Listing Rules.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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### **Strategic benefits of the Pre-IPO Investments**

The Pre-IPO Investments have broadened our capital base and satisfy part of our capital needs for growing our business in view of the expenses to be incurred in connection with the Listing. In addition, given the extensive managerial experience of Mr. Chia and Mr. Liu in the investment and financial industry, our Directors believe that we will benefit from their strategic input in the management and improvement of our Company's financial reporting and internal controls.

### **Sponsor's view**

Since all of the Pre-IPO Investments were unconditionally completed and the respective consideration for the Pre-IPO Investments had been fully settled more than 28 clear days before the date of our Company's submission of the initial Listing application to the Stock Exchange and no special rights had been granted to the Pre-IPO Investors under Pre-IPO Investment Agreements, the Sponsor is of the view that the Pre-IPO Investments are in compliance with the Interim Guidance on pre-IPO investments (HKEx-GL29-12) issued by the Stock Exchange in January 2012 and updated in March 2017 and the Guidance on pre-IPO investments (HKEx-GL43-12) issued in October 2012 and updated in July 2013 and March 2017.

### **Lock-up undertakings by our Controlling Shareholder and other Existing Shareholders (other than the Pre-IPO Investors)**

Each of our Controlling Shareholder and the other Existing Shareholders (other than the Pre-IPO Investors), namely, Mr. Hsu, Mr. Leung, Mr. Wong and Mr. Wang has voluntarily undertaken to our Company, the Sponsor, the Joint Lead Managers and Underwriters in the Underwriting Agreements that he shall not at any time commencing on the date by reference to which disclosure of his shareholding in our Company is made in this prospectus and ending on the date which is 24 months from the Listing Date dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any Shares in respect of which he is shown by this prospectus to be the beneficial owner. All of the above undertakings cannot be waived. For further details please see "Underwriting — Undertakings pursuant to the Public Offer Underwriting Agreement — Undertakings by our Shareholders" in this prospectus.

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A summary of the details of the lock-up undertakings is as follows:

Name of Existing Shareholder	Lock-up period	Approximate percentage of shareholding held following the Share Offer and the Capitalisation Issue
Mr. Chau (a)	24 months	31.16%
Mr. Chia (d)	24 months	12.75%
Mr. Hsu (a)	24 months	12.28%
Mr. Leung (b)	24 months	7.38%
Mr. Wong (b)	24 months	3.38%
Mr. Wang (c)	24 months	2.05%
		<i>Sub-total</i>
		69.00%
Ms. Ip (d)	6 months	3.75%
Mr. Liu (d)	6 months	2.25%
		<i>Sub-total</i>
		6.00%
		<i>Total</i>
		<u>75.00%</u>

(a): Executive Director and founder of the Group

(b): Executive Director

(c): Senior management of the Group

(d): Pre-IPO Investor

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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### REORGANISATION

The Reorganisation consisted of the following major steps:

- Step 1. Subscription of an aggregate of 3,334 new shares of Universe Printshop by the Pre-IPO Investors at the aggregate consideration of HK\$20,000,000 pursuant to the Pre-IPO Investment Agreements, with further details set out in the sub-sections headed “Our corporate history — Universe Printshop” and “Pre-IPO Investments” above in this section.
- Step 2. Incorporation of our Company and allotment and issue of a total of 13,333 nil-paid Shares of our Company to our Existing Shareholders (including our Pre-IPO Investors), with further details set out in the sub-section headed “Our corporate history — Our Company” above in this section.
- Step 3. Incorporation of Net Printshop and allotment and issue of 100,000 shares of Net Printshop, credited as fully-paid, to Print Shop Limited, with further details set out in the sub-section headed “Our corporate history — Our operating subsidiaries — 5. Net Printshop” above in this section.
- Step 4. Taking up of Former Netprint’s business Net Printshop trading as “Netprint”, with further details set out in the sub-section headed “Our corporate history — Our business operated under “Netprint” by Former Netprint” above in this section.
- Step 5. Acquisition of the entire shareholding interest in Universe Printshop from our Existing Shareholders (including our Pre-IPO Investors) by our Company, in consideration of which the 13,334 nil-paid Shares held by our Existing Shareholders (including our Pre-IPO Investors) were credited as fully-paid, with further details set out in the sub-sections headed “Our corporate history — Our Company” and “Our corporate history — Universe Printshop” above in this section.

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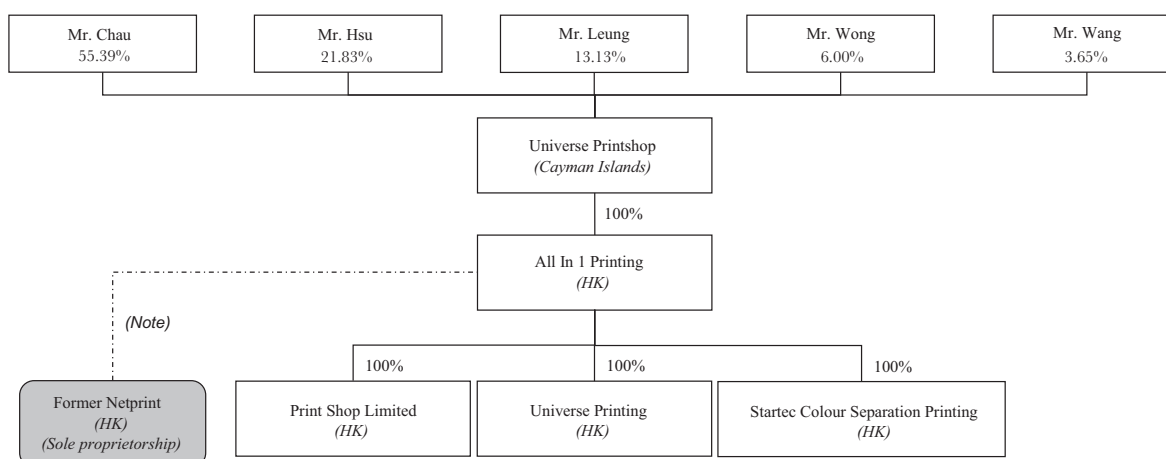
## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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### CORPORATE STRUCTURE

The following diagram shows the shareholding and corporate structure of our Group before Reorganisation:

**Corporate Structure Chart 1**



*Note:* Former Netprint was registered as a sole proprietorship in the name of the Nominee Employee since 1 April 2015. On 17 April 2017, its business operations were taken up by Net Printshop.

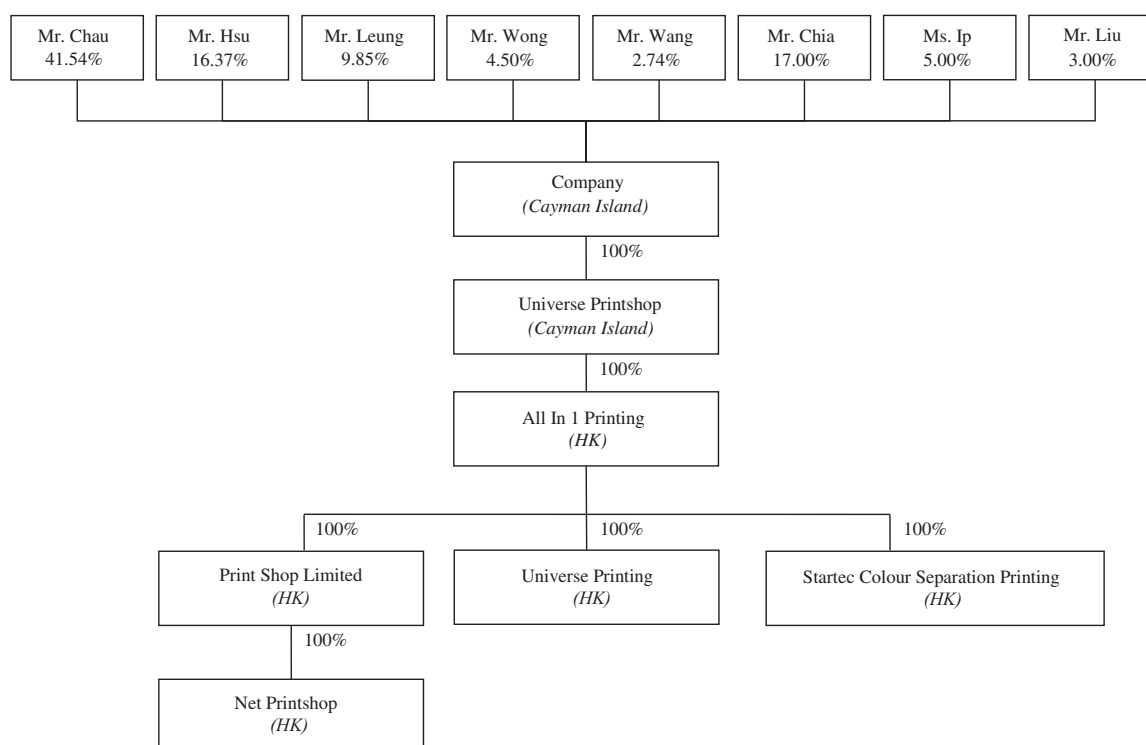
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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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As at the Latest Practicable Date, all of the Reorganisation had been legally completed and settled. The following diagram shows the shareholding and corporate structure of our Group immediately after completion of the Reorganisation but before completion of the Capitalisation Issue and the Share Offer:

**Corporate Structure Chart 2**

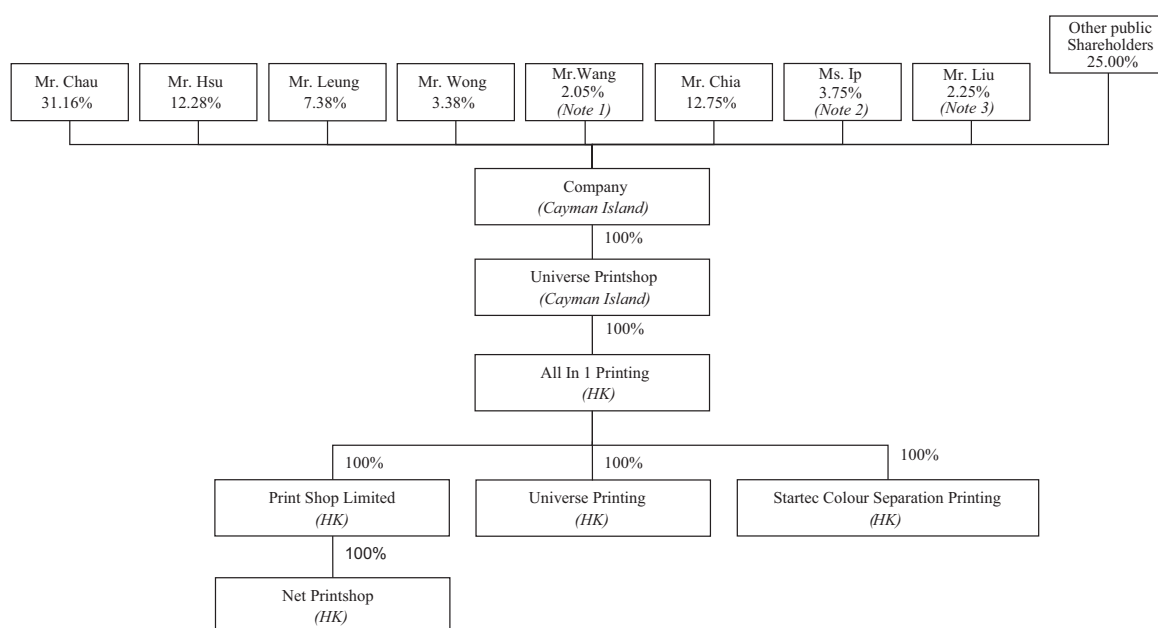


*Note:* The percentage shareholding of the Existing Shareholders shown above has been subject to rounding adjustments.

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

The following diagram shows the shareholding and corporate structure of our Group immediately after completion of the Share Offer and the Capitalisation Issue (without taking into consideration any Shares which may be issued upon the exercise of options which may be granted under the Share Option Scheme):

**Corporate Structure Chart 3**



*Notes:*

1. As Mr. Wang is an Independent Third Party, he is considered to be a public Shareholder for the purpose of Rule 11.23 of the GEM Listing Rules.
2. As Ms. Ip is an Independent Third Party, she is considered to be a public Shareholder for the purpose of Rule 11.23 of the GEM Listing Rules.
3. As Mr. Liu is an Independent Third Party, he is considered to be a public Shareholder for the purpose of Rule 11.23 of the GEM Listing Rules.
3. Immediately upon completion of the Share Offer and the Capitalisation Issue, other public Shareholders will hold 25.00% of the issued share capital of our Company and the shareholding interest of the Existing Shareholders will be diluted to their respective percentage shareholding as shown in the above chart.
4. The percentage shareholding of the Existing Shareholders shown above has been subject to rounding adjustments.

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## BUSINESS

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### BUSINESS OVERVIEW

#### Our services

We principally engage in providing printing services to our customers in Hong Kong. Our printing services during the Track Record Period and up to the Latest Practicable Date have been offset printing, ink-jet printing and toner-based digital printing. During the Track Record Period, offset printing accounted for around 75% to 78% of our revenue, ink-jet printing accounted for around 10% to 12% of our revenue and toner-based digital printing accounted for around 6% to 7% of our revenue. Our Group has an operating history of over 16 years in Hong Kong and according to the Frost & Sullivan Report, we were the third largest business printing service provider in terms of revenue in Hong Kong in 2016, accounting for approximately 5.1% of the market share in 2016, and the estimated market size of business printing market in Hong Kong was approximately HK\$2,607.3 million in 2016. We strive to provide quality printing services to our customers in a timely and cost-effective manner. Our daily operations can be generally categorised into four stages, namely, receiving orders, pre-press processing (only applicable for products which require offset printing), printing and post-press treatment and delivery. During the Track Record Period, our main printing products were business printing-related products which covered, among others, stationery, advertisements, periodicals, directories and catalogues. We also offer a variety of post-press treatment services to our customers' printed products such as varnishing, binding and laminating which can be tailored to our customers' different requirements.

For each of FY2016, FY2017 and 7M of FY2018, around 94% of our revenue was derived from the provision of printing services and to a lesser extent, we also provided other services to our customers. Such other services included production of other printing-related products such as pre-ink stamps, plastic name-cards, printed eco-bags and printed plastic folders. Most of the production processes of our other services were sub-contracted to our sub-contractors during the Track Record Period.

For FY2016 and FY2017, our revenue was approximately HK\$124.0 million and HK\$133.9 million respectively, while our net profit was approximately HK\$5.3 million and HK\$3.4 million respectively, for the same period. Before deducting the listing expenses recognised in our consolidated income statement of approximately HK\$2.2 million for FY2017, the Adjusted FY2017 Profit would be approximately HK\$5.6 million.

For 7M of FY2018, our revenue was approximately HK\$80.6 million and we recorded a net loss of approximately HK\$4.4 million. Before deducting the listing expenses recognised in our consolidated income statement of approximately HK\$7.4 million for 7M of FY2018, the Adjusted 7M of FY2018 Profit would be approximately HK\$3.0 million.

#### Our sales channels

We make our sales through two sales channels: (1) Store Sales: which comprise orders placed at our stores in Hong Kong; and (2) Non-store Sales: which comprise (i) orders placed by Credit Customers directly with our sales team; and (ii) orders placed from our website.



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## BUSINESS

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We principally make our sales through Store Sales. For FY2016, FY2017 and 7M of FY2018, our revenue derived from Store Sales amounted to approximately 84.4%, 84.5% and 83.7% respectively of our total revenue during the same period. As at the Latest Practicable Date, we operated 22 stores in Hong Kong where our customers can, among other services, obtain information about our services, submit designs, place their orders, make payment and collect their printing products with our staff. As at the Latest Practicable Date, all our stores were located either at street-level or inside shopping arcades and 21 of our 22 stores operated under the trade name of “Print Shop”, while one store operated under the trade names of “Universe” and “Net Print”.

As regards our Non-store Sales, Credit Customers may place orders directly with our sales team. Non-store sales are principally marketed under the trade name of “Universe”. We also maintain the websites <http://www.123print.com.hk> and <http://www.printshop.hk> as alternative sales and market platforms from which information relating to our services, pricing and delivery methods can be obtained. Our online self-service platforms are integrated on such websites, which allow our customers to gain access to our services and place orders on a completely self-service basis. For FY2016, FY2017 and 7M of FY2018, revenue derived from orders received from Non-store Sales amounted to approximately 15.6%, 15.5% and 16.3% of our total revenue respectively during the same period.

### **Our customers**

Over the years, we have established a diverse customer base. During the Track Record Period, we served customers from different background, ranging from corporations, government institutions, schools, other printing service providers and restaurants to individuals. During the Track Record Period, we served over 62,000 customers, out of which over 29,000 have placed orders with us on more than one occasion. Our top five customers for FY2016, FY2017 and 7M of FY2018 accounted for approximately 5.6%, 5.6% and 6.9% of our total revenue respectively during the same period.

### **Our suppliers, production materials, our production facilities and production technologies**

We have established strong and close working relationships with our major suppliers and sub-contractors. As at the Latest Practicable Date, we had been maintaining business relationships with our top five suppliers for a range of over one year to over nine years. Our top five suppliers during the Track Record Period comprised suppliers of paper and sub-contractors. Purchases from them and sub-contracting fees charged by them (as the case may be) accounted for approximately 37.4%, 39.3% and 50.8% of our cost of sales respectively for FY2016, FY2017 and 7M of FY2018. The principal raw materials used in our Group’s business are paper, zinc printing plates and ink, the purchases of which in aggregate amounted to approximately 34.1%, 30.2% and 27.0% of our cost of sales respectively for FY2016, FY2017 and 7M of FY2018.

Our production base in Hong Kong effectively enables us to provide printing services with fast turnaround time for our customers in Hong Kong. We are equipped with advanced offset presses, ink-jet printers and toner-based digital printers which are efficient and automated in their operations. Our printing services during the Track Record Period and up to the Latest Practicable Date have been

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## BUSINESS

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offset printing, ink-jet printing and toner-based digital printing. Each of the printing processes used by us has its unique advantages which we effectively leverage to complement our production needs. Generally, offset printing offers consistent high image quality for products and is relatively cost-efficient for large volume print orders. As pre-press setting and plate-making are required for offset printing, it may not be as economical or time efficient for low volume or urgent printing orders as compared to ink-jet or toner-based digital printing. Ink-jet printing and toner-based digital printing provide solutions for low volume printing and allow for more flexibility since texts and images can be changed from one copy to the next without stopping or slowing the printing process. We generally use offset printing for large volume orders which are paper-based, ink-jet printing for orders which are for large-dimension products generally used as outdoor display, and toner-based digital printing for small volume orders which are for small-dimension paper-based products which are not for outdoor display. The offering of offset printing, ink-jet printing and toner-based digital printing to our customers allows us to offer the optimal service (in terms of timing and cost) to our customers to meet their needs depending on the particular print order requirements and also enables us to print products with a wide range of quantities, resolutions, styles and format selections.

As at the Latest Practicable Date, our main office was located at Office F, 12/F, Legend Tower, 7 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong while our main production site and warehouse were located at Block 4, Kwun Tong Industrial Centre, Hong Kong. Our main production site and warehouse occupy a combined saleable floor area of 14,415 square feet. Our main office houses our finance department and certain members of our senior management and sales team. During the Track Record Period, apart from the production at our own production site, we also engaged sub-contractors who were Independent Third Parties to complement our production needs. During the Track Record Period, we transacted with over 100 sub-contractors.

### COMPETITIVE STRENGTHS

The overall business printing industry of Hong Kong is fragmented as the business printing market includes a wide variety of downstream demands. According to the Frost & Sullivan Report, we were the third largest business printing service provider in terms of revenue in Hong Kong in 2016, accounting for approximately 5.1% of the market share in 2016, and the estimated business printing market in Hong Kong was approximately HK\$2,607.3 million in 2016. However, within the business printing with retail channel market, the industry is dominated by various players with long-standing operating histories and strong reputation among commercial customers as well as individuals. According to the Frost & Sullivan Report, the estimated market size of business printing market generated by companies with retail channel in Hong Kong was approximately HK\$832.5 million in 2016, representing approximately 31.9% of the entire business printing market in Hong Kong in 2016. The top five business printing service providers with retail channels (in terms of revenue) accounted for approximately 88.6% of the market share in 2016 and our Group was the second largest business printing service provider with retail channels under such ranking.

Also, according to the Frost & Sullivan Report, considering the high rental cost and labour cost for maintaining a physical store network, many smaller business printing companies usually rely on a few large high-value customers and are reluctant to establish sophisticated retail networks in Hong

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## BUSINESS

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Kong. However, some business printing companies, including our Group, set up retail channels by operating both stores and online printing platforms. Our Directors consider that retail channel is beneficial for capturing and better serving the growing demand from SMEs whose orders are usually in small quantities. In addition, we believe that having a retail channel, on the one hand, is appealing to customers who prefer on-site ordering and are in need for fast printing or design service, and on the other hand, helps expand client base and lower the risk of reliance on a few customers.

We believe the following competitive strengths have enabled and will continue to enable our Group to operate competitively in the Hong Kong business printing market:

### **We have an established extensive store network**

We have an established store network with a wide geographical coverage. Such network allows our customers and potential customers to have easy access to our services and, at the same time, promotes our services at our stores. As at the Latest Practicable Date, we operated 21 stores under the trade name of “Print Shop” and one store under the trade names of “Universe” and “Net Print”, located at convenient locations throughout Hong Kong. Geographically, our stores cover most areas in Hong Kong, with stores located in Hong Kong Island, Kowloon and the New Territories. We believe that basing our stores at convenient locations with a wide geographic coverage throughout Hong Kong effectively raises awareness of our brands and increases customer traffic and at the same time, allows us to reach the mass market. To provide our customers with a convenient access to our services, a large number of our stores are situated at street-level and are in close proximity to main transportation infrastructure. As at the Latest Practicable Date, all our stores were located either at street-level or in shopping arcades.

As our sales are principally made through Store Sales, the number of our stores and the wide geographical coverage of our store network would allow customers the flexibility and convenience to obtain information on and gain access to our services, and have the ancillary effect of increasing our brand visibility and posing as an entry barrier to potential competitors who lack the store presence to compete with us, thereby consolidating our market presence. For further details of our store network, please refer to the sub-section headed “Sales and marketing — Our sales channels” in this section.

### **We are able to provide a wide spectrum of printing services at competitive prices**

Within the business printing market in Hong Kong, we strive to offer our customers with a wide spectrum of printing services in order to satisfy their specific needs for product type, layout, colour management and printing.

Printing services offered to our customers comprise offset printing, ink-jet printing and toner-based digital printing. Each of such printing processes has its unique advantages which we effectively leverage to complement our production needs. Generally, offset printing offers consistent high image quality for products and is relatively cost-efficient for large volume print orders. As pre-press setting and plate-making are required for offset printing, it may not be as economical or time efficient for low volume or urgent printing orders as compared to ink-jet printing or toner-based

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## BUSINESS

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digital printing. Ink-jet printing and toner-based digital printing provide solutions for low volume printing and allow for more flexibility since texts and images can be changed from one copy to the next without stopping or slowing the printing process. We generally use offset printing for large volume orders which are paper-based, ink-jet printing for orders which are for large-dimension products generally used as outdoor display, and toner-based digital printing for small volume orders which are for small-dimension paper-based products which are not for outdoor display. The offering of offset printing, ink-jet printing and toner-based digital printing services to our customers allows us to offer the optimal service (in terms of timing and cost) to our customers to meet their needs depending on the particular print order requirements and enables us to print products with a wide range of quantities, resolutions, styles and format selections.

Our business printing services cover, among others, stationery, advertisements, periodicals, directories and catalogues. We also provide pre-press printing services such as simple design services and simple post-printing treatment services such as lamination. Complex post-treatment services and most ink-jet printing are sub-contracted out for processing. The wide spectrum of printing services offered to our customers grants us the flexibility to cater for their printing needs and allows us to maintain our market position in the competitive printing services market.

### **We are equipped with technologically advanced production machinery**

As printing technology is constantly evolving, we believe that being equipped with advanced, efficient, flexible and cost-saving machinery is integral to our continued success.

As at the Latest Practicable Date, we were equipped with four offset presses, of which two are eight-colour offset presses and the remainder being four-colour offset presses. Our offset press machines, in particular the eight-colour offset presses, allow for quick and cost-efficient printing and have a high printing capacity. Eight-colour offset presses offer, among other advantages, more vivid printing images over four-colour offset presses and allow for simultaneous double-sided printing. According to the Frost & Sullivan Report, eight-colour offset presses are not widely adopted in the business printing sector in Hong Kong due to their high operational and purchase costs. As the majority of our products are printed using offset presses, our use of such eight-colour offset presses grants us an advantage in production capacity and production speed and optimises our ability to deliver products to our customers both quickly and efficiently, thereby giving us an advantage in turnaround time and cost efficiency.

In order to cater for different printing needs by our customers, in addition to our offset presses, we are also equipped with four toner-based digital printers, three ink-jet printers and other automated machinery, including automatic binding systems and lamination machines. For further details of our machinery, please refer to the sub-section headed “Our production facilities — Machinery and equipment” in this section.

Our Directors are aware of the importance of keeping up with technological advancement when it comes to our production machinery. In this regard, as one of our implementation plans is to enhance our production capability and capacity, we intend to acquire two new printing machines during the

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## BUSINESS

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period from the Listing Date to 30 September 2018. Such two new machines comprise one five-colour offset press which will replace one of our existing four-colour offset presses and one new hybrid printer which can enhance our printing capability. For details, please refer to the sub-section headed “Business strategies — Enhancing our production capability and capacity” in this section.

### **We have fast turnaround time on our printed products**

Our advanced machinery allows for quick and efficient printing, which enables us to process and deliver printed products to our customers within a short period of time. Depending on the quantity and type of the print product ordered, the finished products should, in normal circumstances, be ready for collection or delivery within two to three working days after confirmation of orders. During the Track Record Period, we have managed to handle and fulfill orders of varying volumes and complexity within tight schedules. Our ability to process our printing orders within a short period of time grants us the flexibility to accept a wide range of orders from customers who require printing products with a fast turnaround time.

### **We have established strong and close relationships with our major suppliers and sub-contractors**

We have established strong and close working relationships with our major suppliers and sub-contractors. The ability to guarantee timely delivery of raw materials and finished sub-contracted products from our major suppliers and sub-contractors is a vital factor in our capability to deliver competitively priced products with fast turnaround time to our customers. During the course of our working relationship, our major suppliers and sub-contractors have become accustomed to our preferences, requirements and expectations in relation to our standards for procurement and finished goods, and in turn, we have also grown to have confidence in the quality of raw materials and products supplied to us by our suppliers and sub-contractors, which allows a streamlined procurement process and a constant supply of raw materials and products of consistent quality.

As at the Latest Practicable Date, we had been maintaining business relationships with our top five suppliers for a range of over one year to over nine years.

### **We have an experienced and dedicated management team**

Our senior management team is experienced and dedicated. The senior management team is currently under the leadership of Mr. Chau, our founder, executive Director and Chairman, who has 30 years of experience in the printing service industry and has been pivotal in building up our Group’s reputation in the business printing industry.

Our other executive Directors and senior management team members also possess considerable experience and extensive knowledge of the printing service industry and have played key roles in the administration of our business operations, business management and business development. Their broad know-how and industry knowledge together with their long-standing commitment and dedication to our Group has been integral in contributing to the stability of our senior management team and the success and continued growth of our business.

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## BUSINESS

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For further details of the biographies, qualifications and relevant industry experiences of our senior management team, please refer to “Directors, Senior Management and Employees” in this prospectus.

### BUSINESS STRATEGIES

Our principal business objective is to strengthen our foothold in the business printing market in Hong Kong and to increase our market share as an established business printing service provider in Hong Kong. We intend to achieve our business objective by (a) enhancing our production capability and capacity through the purchase of more advanced printing machinery, (b) expanding the geographical coverage of our store network by opening new stores and (c) upgrading our information technology systems to the standards of an ERP system.

#### Enhancing our production capability and capacity

The downstream printing market in Hong Kong (which covers all categories of end users, including educational institutions, government departments, restaurants and individuals) has experienced a stable increase in recent years. According to the Frost & Sullivan Report, the total market size of the printing market by downstream application in Hong Kong increased from approximately HK\$13.9 billion in 2012 to approximately HK\$16.0 billion in 2016, representing a CAGR of approximately 3.6%. The market size of the printing market in Hong Kong for retail channels (which on the whole entails printing companies receiving orders through their stores and/or websites and with delivery made through their stores, with typical clients served by retail channels including individual customers and small and medium enterprises) has also experienced an increase in recent years. According to the Frost & Sullivan Report, the total market size generated by companies with retail channels in Hong Kong increased from approximately HK\$626.2 million in 2012 to approximately HK\$832.5 million in 2016 and is expected to rise to approximately HK\$1,170.6 million by 2021. The proportion of market size generated by companies with retail channels in the printing market in Hong Kong also increased from approximately 4.5% in 2012 to approximately 5.2% in 2016 and is estimated to reach approximately 6.5% by 2021. As such, to meet the increasing demand and seize future opportunities in Hong Kong’s business printing market, we intend to implement an expansion plan to enhance our production capability and capacity as set out below:

Expansion plan	Estimated expenditure (HK\$ million)	Expected timeframe
Purchase of a five-colour offset press for replacement of one of our existing four-colour offset presses	15.0	From the Listing Date to 30 September 2018
Purchase of a hybrid printer	12.0	From the Listing Date to 30 September 2018
Total:	<u>27.0</u>	

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## BUSINESS

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We estimate that the aggregate purchase costs for the five-colour offset press and the hybrid printer will be approximately HK\$27.0 million as to approximately HK\$24.0 million to be financed by the net proceeds from the Share Offer and as to approximately HK\$3.0 million to be financed by our internal resources. Such purchases are expected to take place during the period from the Listing Date to 30 September 2018. As at the Latest Practicable Date, we had not yet implemented the above expansion plan and no expenditure had been incurred by us for such plan.

Based on management experience, it is expected that duration for the entire purchase process of the printers, including procurement and installation, will be around nine to twelve months.

It is expected that our production capacity and capability will be enhanced by the purchase of the new five-colour offset press as it will grant us the capability to directly conduct offset printing on a range of special materials such as rigid cardboard and lightweight paper in addition to adding a variety of finishes such as metallic finishes and high-gloss effects to our customers' print products, allowing us to achieve faster turnaround times for offset printing on such special materials and increase the range of printing technologies available to our customers. Furthermore, obtaining such printing capability will reduce our need to sub-contract production processes of such nature in the future.

Our Directors are aware of the advantages that each of toner-based digital printing and offset printing offers in the printing process. Toner-based digital printing generally allows for a more efficient printing process and offers greater flexibility while offset printing allows for printing on various materials and being more cost efficient when printing at larger volumes. The purchase of a new hybrid printer which combines the high quality and capability of printing on various materials of an offset printer with the flexibility of a toner-based digital printer while keeping production costs low will allow us to keep up with advancements in printing technology while improving our printing capacity and capabilities to flexibly meet the trends of the industry.

### **Expanding the geographical coverage of our store network**

According to the Frost & Sullivan Report, the business printing market in Hong Kong increased from approximately HK\$2.2 billion in 2012 to approximately HK\$2.6 billion in 2016 and the growth in momentum is expected to continue from 2017 to 2021 with a CAGR of approximately 3.8%. In light of the continued growth of the economy of Hong Kong, we believe that expanding our geographical coverage of our store network through the opening of new stores will increase the degree of our market penetration and maximise our sales coverage while further raising the awareness of our brand and increasing customer traffic.



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## BUSINESS

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We intend to open seven additional stores in addition to our existing 22 stores in accordance with the following plan:

Expansion plan	Estimated expenditure (HK\$ million)	Expected timeframe
Opening of two new stores, one in Hong Kong Island and the other in the New Territories	0.6	From the Listing Date to 30 September 2018
Opening of one new store in the New Territories	0.3	From 1 October 2018 to 31 March 2019
Opening of two new stores, one in Hong Kong Island and the other in Kowloon	0.6	From 1 April 2019 to 30 September 2019
Opening of two new stores in the New Territories	0.6	From 1 October 2019 to 31 March 2020
Total:	<u>2.2*</u>	

\* Rounding adjustment

We intend to open seven new stores under the “Print Shop” brand in Hong Kong by 31 March 2020. To align with our current business strategies, all such stores will be located in leased premises. Such new stores are intended to be situated at convenient locations, taking into account factors such as accessibility of the potential store sites, proximity to transportation infrastructure and traffic and customer flow. Please refer to the sub-section headed “Sales and marketing — Our sales channels — Store sales” in this section for more information in relation to our considerations when identifying a new store location.

We estimate that the aggregate costs and expenses for expanding the geographical coverage of our store network by opening the seven new stores will be approximately HK\$2.2 million and are planned to be entirely financed by the proceeds from the Share Offer.

Based on our experience in setting up and running our existing stores, the investment pay-back period for each of our new stores is estimated to be within one year, and the break-even period will be around three months to six months, depending on the rent, area of the store and the number of staff employed at the particular store. As at the Latest Practicable Date, we had not yet implemented the above expansion plan and expenditure had been incurred by us for such plan.



## BUSINESS

### Upgrading our information technology systems

We intend to upgrade our information technology systems to the standards of an ERP system which enables us to enhance management across our operations, including production, inventory control and sales and distribution. We plan to install the upgraded ERP system in our office, and our warehouse, stores and workshops. The upgraded ERP system will provide real time information on sales orders, sales and inventory level. The upgrading of our information technology systems to the standards of an ERP system will allow us to continue to enjoy a wide range of information-based solutions in a more efficient manner.

We estimate that the aggregate costs for upgrading our information technology systems to the standard of an ERP system will be approximately HK\$1.0 million and are planned to be entirely financed by the proceeds from the Share Offer.

### BUSINESS MODEL AND OUR OPERATION FLOW

#### Our services

We principally engage in providing printing services to our customers in Hong Kong. Our printing services during the Track Record Period and up to the Latest Practicable Date have been offset printing, ink-jet printing and toner-based digital printing. Our services comprise (i) printing services to our customers; and (ii) other services which are miscellaneous in nature, including simple pre-press design services and specialised printing services. A breakdown of the revenue of our Group by segment is as follows:

	Revenue and approximate % of our total revenue for							
	FY2016		FY2017		7M of FY2017		7M of FY2018	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Offset printing	95,298	76.8	104,048	77.7	60,397	77.4	60,676	75.3
Ink-jet printing	12,672	10.2	13,988	10.4	8,153	10.4	10,020	12.4
Toner-based digital printing	8,238	6.7	8,255	6.2	5,049	6.5	5,348	6.7
Other services (Note)	7,840	6.3	7,578	5.7	4,486	5.7	4,512	5.6
	<u>124,048</u>	<u>100.0</u>	<u>133,869</u>	<u>100.0</u>	<u>78,085</u>	<u>100.0</u>	<u>80,556</u>	<u>100.0</u>

*Note:* Our other services comprised miscellaneous services including the production of printing-related products such as pre-ink stamp making, the processes of which require the use of special equipment. Such services were largely sub-contracted to external sub-contractors.

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### Printing services

During the Track Record Period and up to the Latest Practicable Date, we principally derived our revenue from the provision of printing services to our customers. Our printing services during the Track Record Period and up to the Latest Practicable Date have been offset printing, ink-jet printing and toner-based digital printing.

Each of the printing processes used by us has its unique advantages which we effectively leverage to complement our production needs. Generally, offset printing offers consistent high image quality for products and is relatively cost-efficient for large volume print orders. As pre-press setting and plate-making are required for offset printing, it may not be as economical or time efficient for low volume or urgent printing orders as compared to ink-jet printing or toner-based digital printing. Ink-jet printing and toner-based digital printing provide solutions for low volume printing and allow for more flexibility since texts and images can be changed from one copy to the next without stopping or slowing the printing process. We generally use offset printing for large volume orders which are paper-based, ink-jet printing for orders which are for large-dimension products generally used as outdoor display, and toner-based digital printing for small volume orders which are for small-dimension paper-based products which are not for outdoor display. The offering of offset printing, ink-jet printing and toner-based digital printing to our customers allows us to offer the optimal service (in terms of timing and cost) to our customers to meet their needs depending on the particular print order requirements and enables us to print products with a wide range of quantities, resolutions, styles and format selections.

During the Track Record Period, a substantial portion of our work in relation to the ink-jet printing services was sub-contracted to the Shenzhen Sub-contractor who was our sole sub-contractor for work of this nature up to and including 30 September 2017 when the business and related assets of the Shenzhen Sub-contractor were acquired by Supplier G, whereupon Supplier G became the sole sub-contractor for ink-jet printing services. As at the Latest Practicable Date, we possessed three ink-jet printers to process ink-jet orders requiring the printing of small dimension products. Currently, for orders which require the printing of larger dimension products, we sub-contract such orders to Supplier G which possesses advanced ink-jet printers capable of handling such orders in a faster and more cost effective manner.

Our printing services cover pre-press, printing, post-press treatment and delivery, while our printing products mainly focus on paper-related printing products. During the Track Record Period, our main printing products were business printing-related products which covered, among others, stationery, advertisements, periodicals, directories and catalogues.

We also offer a variety of post-press treatment services to our customers' printed products such as varnishing, binding and laminating which can be tailored to our customers' different requirements.

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## BUSINESS

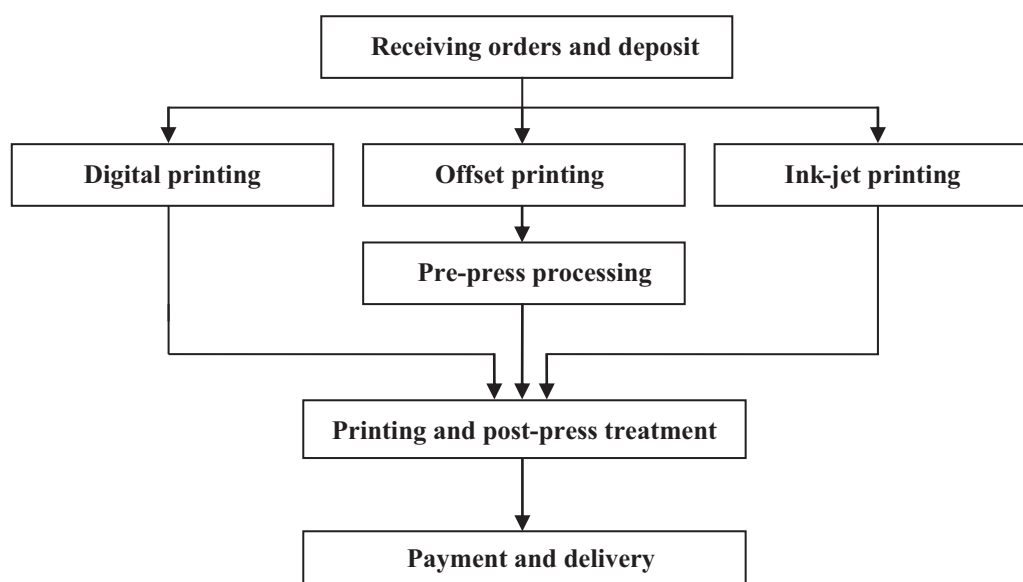
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### Other services

We provide other services to our customers which are miscellaneous in nature to expand our scope of services. Such services include the production of other printing-related products such as pre-ink stamps, plastic name-cards, printed eco-bags and printed plastic folders, the production of which requires the use of special equipment. During the Track Record Period, we sub-contracted the production process of such specialised printing services to sub-contractors, further details of which are set out in the sub-section headed “Sub-contracting” in this section.

### Our operation flow

Our printing services cover pre-press, printing, post-press treatment and delivery. Our daily operations can be generally categorised into four stages, namely, receiving orders, pre-press processing (only applicable for products which require offset printing), printing and post-press treatment and delivery. The following diagram illustrates the principal steps involved in our business operations:



### Receipt of purchase order and deposit

During the Track Record Period, we received orders from our customers through various sales channels, details of which are set out in the sub-section headed “Sales and marketing - Our sales channels” in this section. Such sales channels are complementary to each other. Information relating to our services, pricing and delivery methods can be obtained from our websites or through catalogues at our stores and orders can be made through various sales channels at our customers’ convenience. To facilitate the cost planning of our customers, we standardise and list the types and prices of our services on our websites and in catalogues. Customers using the online self-service platforms could obtain an online quotation setting out details of the order such as product information and price after selecting their options in relation to the print order. Such platform affords our customers flexibility in deciding the final price of the quotation depending on the type and options of the services selected.

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## BUSINESS

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Depending on the price of the order and the business relationship with the customer, a payment or deposit for the order may be required from the customer before the order can be confirmed by us. Customers may make payment at our stores, and to facilitate the use of our internet ordering channels, customers may settle transactions by cash or credit card at our stores or online payment or other electronic payment methods. Further details of such payment or deposit are set out in the sub-section headed “Sales and marketing — Pricing strategies” in this section.

After the print orders have been received by us through our various sales channels, the order will be typeset by our staff. Upon request by the customer, the print proof will be sent to the particular customer by e-mail for preview and confirmation in order to ensure that the print order in question meets the particular customer’s expectations.

### **Pre-press**

After completion of the processing of confirming print orders and receipt of deposit or payments where applicable, the process will move on to the pre-press stage. Products which utilise toner-based digital printing or ink-jet printing bypass this stage and proceed directly to printing stage and as such, this stage is only applicable for offset printing. Pre-press activities involve a series of preparation steps for the bulk printing, comprising, among others, the plate-making. The plate-making process is a computer-to-plate process which involves transferring the images in digital format from the computer onto a number of zinc printing plates. The zinc printing plates are then installed in the presses for bulk printing.

### **Printing and post-press treatment**

All printing processes will undergo the printing stage after order confirmation (in the case of toner-based digital printing or ink-jet printing) or, where applicable, the pre-press stage (in the case of offset printing).

In the offset printing process, the image is firstly transferred from the image carrier (i.e. zinc printing plate) to the blanket cylinder and then to the substrate. For toner-based digital printing or ink-jet printing, the print images will be processed by our computers to output a digital printing file which will then be transferred to the relevant toner-based digital printer or ink-jet printer for printing. During the Track Record Period, approximately 90% of ink-jet printing orders by revenue were sub-contracted to the Shenzhen Sub-contractor (for such orders up to 30 September 2017) and Supplier G (for such orders after 30 September 2017). For further details of our printing process, please refer to the sub-section headed “Our production facilities — Production process” in this section.

After printing, depending on our customers’ specific requirements, the printed sheet will undergo post-press treatment stages before becoming the finished product. Post-press treatment services include, among others, varnishing, binding and laminating. During the Track Record Period, we sub-contracted certain post-press treatments to various sub-contractors.

After completion of the printing and post-press treatment stages, each finished product will be packaged and assigned a delivery code in preparation for the delivery stage.

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### Payment and delivery

Our customers can choose to either collect the finished products at our stores or workshops or request for delivery to a specified address. Depending on the quantity and the type of the print products ordered, the finished products should, in normal circumstances, be ready for collection or delivery within two to three working days after confirmation of orders. Customers may track the printing and delivery status of their printing products through our online self-service platforms. Delivery of the finished products is carried out by a logistics company, being a sub-contractor of our Group and an Independent Third Party.

Non-Credit Customers who have not made full payment for their orders are required to settle the balance of the order at the time of collecting or receiving the finished products. Credit Customers are given 30 to 90 days credit until payment for their order is due. Further details of payment are set out in the sub-section headed “Sales and marketing — Pricing strategies” in this section.

### SALES AND MARKETING

#### Our sales channels

##### *Our trade names*

We make our sales through two sales channels: (1) Store Sales: which comprise orders placed at our stores in Hong Kong; and (2) Non-store Sales: which comprise (i) orders placed by Credit Customers directly with our sales team; and (ii) orders placed from our website. As at the Latest Practicable Date, we operated a total of 22 stores located in convenient locations around Hong Kong. As at the Latest Practicable Date, 21 of our 22 stores operated under the trade name of “Print Shop”, while one store operated under the trade names of “Universe” and “Net Print”. Credit Customers may place orders directly with our sales team. Non-store sales are marketed under the trade name of “Universe”. The use of different trade names is for the purpose of maximising our sales coverage and market penetration.

##### *Our sales channels*

The following table sets out the breakdown of the revenue of the Group derived from orders received through our various sales channels during the Track Record Period:

Sales Channel	Revenue and approximate % of our total revenue for					
	FY2016		FY2017		7M of FY2018	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Store Sales	104,701	84.4	113,184	84.5	67,444	83.7
Non-store Sales ( <i>Note</i> )	19,347	15.6	20,685	15.5	13,112	16.3
<b>Total revenue</b>	<b>124,048</b>	<b>100.0</b>	<b>133,869</b>	<b>100.0</b>	<b>80,556</b>	<b>100.0</b>

*Note:* A portion of our Non-store Sales is derived from customers placing orders through our websites.

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For FY2016, FY2017 and 7M of FY2018, our Store Sales generated revenue of approximately HK\$104.7 million, HK\$113.2 million and HK\$67.4 million accounting for approximately 84.4%, 84.5% and 83.7% of our total revenue, respectively. Our retail stores operations as a whole had been profitable during the Track Record Period. For FY2016, five of our stores were loss-making (inclusive of one store which commenced business in August 2016). For FY2017, four out of 22 our stores (inclusive of one store which commenced business in February 2017) recorded loss. For 7M of FY2018, two out of 22 our stores (inclusive of one store which was relocated in June 2017 and experienced disruption of operation) were loss-making. Such stores recorded losses ranging from approximately HK\$6,000 (unaudited) to HK\$112,000 (unaudited) for the ten months ended 31 January 2018 based on the unaudited management accounts of the Group. As part of our store management, we constantly review and evaluate the performance of each existing store and will take appropriate measures including the relocation of store if we consider that the store is unlikely to be profitable in future.

### *Store Sales*

We have been operating retail stores since 2001 which primarily function as locations for our customers to order, pay and collect finished products while also serving as a promotion channel. As at the Latest Practicable Date, we had been operating 22 stores. Geographically, our stores cover most areas in Hong Kong, with stores located in Hong Kong Island, Kowloon and the New Territories. As at the Latest Practicable Date, all our 22 stores were located either at street-level or inside shopping arcades. The locations of all our 22 stores under the trade names of “Print Shop”, “Universe” and “Net Print” are illustrated below in the following map showing the distribution of the stores around Hong Kong as at the Latest Practicable Date:



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During the Track Record Period and up to the Latest Practicable Date, all stores operated by our Group were housed in premises leased by our Group. Details in relation to the properties leased by us for our store operations are set out in the sub-section headed “Our properties” in this section.

We believe that basing our stores at convenient locations with a wide geographic coverage throughout Hong Kong effectively raises awareness of our brand and increases customer traffic. To provide our customers with a convenient access to our services, all our stores are situated either at street-level or inside shopping arcades and are in close proximity to main transportation infrastructure.

When identifying a new store location, we take into account a number of factors such as accessibility of the potential store site, proximity to transportation infrastructure, accessibility by road for unloading of goods, traffic and customer flow, size of the premises and the degree of competition from other printing service providers in the same locality.

### *Cash management at store level*

We have established comprehensive internal control procedures for cash management at our stores. All cash and cheques received from our customers shall be kept at the store cashier and a cash count must be performed and recorded at the close of each business day. Cash and cheques should in normal circumstances be deposited into the Group’s designated bank account within two business days. All invoices issued, credit card receipts and cheques and bank pay-in slips received at each store are required to be sent to our finance department for review on a daily basis (being every working day). Each store is also required to keep and submit before the third day of each month a record of all payments received from our customers and all amounts deposited into the Group’s designated bank account for the previous month. Our finance department closely monitors our bank balances by checking our Group’s bank account daily. If the total amount of cash at each store exceeds HK\$5,000, the store is required to deposit such amount into the Group’s designated bank account within one business day.

The Group reserves the right to seek compensation from employees at the relevant store for any misappropriation or shortfall of cash. During the Track Record Period, we did not experience any misappropriation of cash by our employees that had any material adverse impact on our business operations.

### *Non-store Sales*

Instead of placing orders through our stores, Credit Customers may place orders directly with our sales team who shall follow-up with our Credit Customers from time to time with regard their orders. Non-store Sales are principally marketed under the trade name of “Universe”. Our sales team responsible for maintaining business relationships with our Credit Customers comprises 13 staff and they take and process orders from such Credit Customers over telephone or through e-mail. For further details of credit terms to our customers, please refer to the sub-section headed “Sales and marketing — Payment terms and credit control” in this section.

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We also maintain the websites <http://www.123print.com.hk> and <http://www.printshop.hk> as alternative sales and marketing platforms which also provide information relating to our services, pricing and delivery methods to our customers. The Group also operates online self-service platforms on such websites, which allow our customers to access our various services and place orders on a completely self-service basis. Customers are required to sign up to become a member in order to access and operate the online self-service platforms for placing orders for our services. No fee is required to be paid to sign up as a member or at any stage of the ordering or printing process. We have internal policy on access right to information and our staff training material includes topics such as the use of personal data so as to comply with the Personal Data (Privacy) Ordinance and other applicable laws and regulations in Hong Kong.

### **Pricing strategies**

#### *Pricing*

We generally standardise pricing for our services and update information on pricing from time to time and the prevailing prices can be found on our websites or through catalogues at our stores. Extra fees may be charged for services such as express printing services or customised orders such as print services requiring special paper or cuts. Finished products are either collected or delivered. If delivered, an additional delivery fee will be charged.

The selling price of standard printing products is determined and approved by our Directors and reviewed every month and adjusted (as the case may be) after considering factors such as the cost of raw materials prices used in the relevant printing process, production costs and prices offered by our competitors.

Discounts are offered on a case-by-case basis and are typically reviewed and approved by our store managers within the range permitted by the management of our Group. In determining the discount, we take into account a variety of factors, including seasonality, the actual quality of the finished product and the prices offered by our competitors.

### **Payment terms and credit control**

Non-Credit Customers through Store Sales are generally required to pay in full or pay a deposit upon confirmation of order. Non-Credit Customers who have not made full payment for their orders are required to settle the balance of the order at the time of collecting or receiving the finished products. Credit Customers are given, in general, 30 days credit until payment for their order is due.

Our corporate customers may apply for a credit trading account with a credit period of 30 to 90 days provided that (i) they have placed orders of a certain amount in the three consecutive months prior to such application and (ii) have completed the requisite documentation for opening such credit trading account. Prior to the grant and approval of the credit trading account, we will perform credit checking procedures on the applying corporate customers such as reviewing their business registration certificates, incorporation documents or equivalent identity documentation. Our staff regularly reviews the credit trading accounts and further credit will not be extended to a Credit Customer if the



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said customer has defaulted on its payments more than three times or fails to place an order within a period of six months. New orders placed by Credit Customers with outstanding payment at the end of their credit period will not be processed. During the Track Record Period, we did not experience any material difficulty in collecting payment from our Credit Customers.

Our Credit Customers usually settle our invoices by cheque or bank transfer. Our other customers may settle transactions by cash or credit card at our stores or online payment or other electronic payment methods. All invoices issued, credit card receipts and cheques and bank pay-in slips received at each store are required to be sent to our finance department for review on a daily basis (being every working day) and our finance department closely monitors the bank balances by checking our Group's bank account daily. For FY2016, FY2017 and 7M of FY2018, average trade receivables turnover days were 24.2 days, 23.9 days and 30.2 days respectively. As at 31 March 2016, 31 March 2017 and 31 October 2017, trade receivables amounted to approximately HK\$8.5 million, HK\$9.0 million and HK\$13.8 million respectively.

We have not experienced any significant amount of bad debts during the Track Record Period.

### **Sales return**

It is our policy not to accept returns of our printed products save for reasons in relation to the quality of the product in question. Where our customers allege that our products are defective or are of an unsatisfactory standard, such complaints will be recorded and reviewed by our staff, and where appropriate, remedial measures (such as reprinting of the product or a refund) will be performed by us in accordance with our internal procedures. Save as mentioned above, no product returns or refunds are allowed. During the Track Record Period, we did not record any material sales returns or refunds nor experience any material product liability or other claims due to the quality or standards of our products.

### **Seasonality**

During the Track Record Period, the demand for our printing services and our revenue were generally higher from September to February as our products were produced and delivered for our customers to meet their product demand before festive seasons such as Christmas and Chinese New Year.

### **OUR CUSTOMERS**

Over the years, we have established a diverse customer base. During the Track Record Period, we served customers from different backgrounds, ranging from educational institutions, government departments, restaurants and other printing service providers to individuals.

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During the Track Record Period, we served over 62,000 customers, out of which over 29,000 have placed orders with us on more than one occasion. Our top five customers for FY2016, FY2017 and 7M of FY2018 accounted for approximately 5.6%, 5.6% and 6.9% respectively of the total revenue of our Group while our largest customer for FY2016, FY2017 and 7M of FY2018 accounted for 1.3%, 1.3% and 2.3% respectively of the total revenue of our Group for the same period. All of our top five customers during the Track Record Period were Independent Third Parties.

The following table sets forth the details of our top five customers during the Track Record Period:

### For FY2016

Customers	Business nature	Length of business relationship with us as at the Latest Practicable Date	Revenue and approximate % of our total revenue for FY2016	
			HK\$'000	%
Customer A	Bedding products	Over one year	1,616	1.3
Customer B	Printing services	Over five years	1,600	1.3
Customer C	Printing services	Over nine years	1,597	1.3
Customer D	Printing services	Over five years	1,231	1.0
Customer E	Printing services	Over four years	887	0.7
<b>Total revenue from our top five customers</b>			<b>6,931</b>	<b>5.6</b>

### For FY2017

Customers	Business nature	Length of business relationship with us as at the Latest Practicable Date	Revenue and approximate % of our total revenue for FY2017	
			HK\$'000	%
Customer D	Printing services	Over five years	1,745	1.3
Customer C	Printing services	Over nine years	1,709	1.3
Customer F	Publisher	Over three years	1,590	1.2
Customer B	Printing services	Over five years	1,317	1.0
Customer G	Printing services	Over three years	1,168	0.8
<b>Total revenue from our top five customers</b>			<b>7,529</b>	<b>5.6</b>

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### For 7M of FY2018

Customers	Business nature	Length of business relationship with us as at the Latest Practicable Date	Revenue and approximate % of our total revenue for 7M of FY2018	
			HK\$'000	%
Customer G	Printing services	Over three years	1,855	2.3
Customer J and Supplier E (Note)	Printing services	Over nine years	1,037	1.3
Customer I	Production house	Over half year	993	1.2
Customer C	Printing services	Over nine years	964	1.2
Customer B	Printing services	Over five years	727	0.9
<b>Total revenue from our top five customers</b>			<b><u>5,576</u></b>	<b><u>6.9</u></b>

*Note:* Customer J is a wholly-owned subsidiary of Supplier C and the shareholders of Supplier C and Supplier E are the same. Due to the common shareholding, the revenue derived from our sales to Customer J and Supplier E have been aggregated.

During the period from 28 August 2015 to 5 June 2017, Customer F was owned as to approximately 99.5% by Mr. Leung, our executive Director, on trust on behalf of Mr. Ng Tung Wai (the “**Beneficiary**”), who is a friend of Mr. Leung and an Independent Third Party, and as to the remaining 0.5% by the Beneficiary and his spouse who is also an Independent Third Party. During the period from 28 August 2015 to 5 June 2017 when the relevant trust was in effect, save for the holding of the subject shareholding interest in Customer F on trust for the Beneficiary, Mr. Leung (i) did not hold any directorate or other office in Customer F; (ii) was not involved in the management of the business of Customer F; and (iii) did not have any other rights or obligations in respect of Customer F. The trust was set up at the request of the Beneficiary, who then wanted to demonstrate that Customer F, which was independent from our Group, was able to engage our Group to facilitate a potential publishing project which entailed the printing of magazines that were proposed to be distributed in property developments managed by such Independent Third Party (“**Proposed Business Opportunity**”). The Beneficiary took the view that having Mr. Leung as the then registered owner of the majority of the issued share capital of Customer F under the trust arrangement demonstrated a very well-established relationship between the Beneficiary and Mr. Leung, who is a Director and a shareholder of our Group, and that Customer F would have the printing support from our Group to complete the Proposed Business Opportunity where necessary so that Customer F could gain the confidence of its potential customers. All of Mr. Leung’s rights as a shareholder of Customer F could only be exercised at the sole direction of the Beneficiary under the trust arrangement. Save as being a registered owner of the relevant shares in Customer F, Mr. Leung had no other rights or obligations in respect of Customer F. As our Group was not a party to the trust arrangement, we had no rights and obligations in connection with such trust arrangement.

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Upon the advice of the professional parties to the Listing, it was decided that the trust arrangement between Mr. Leung and the Beneficiary should be rationalised. As such, Mr. Leung transferred all his shares in Customer F back to the Beneficiary. Upon completion of such transfer, the trust arrangement concerned was terminated. As at the Latest Practicable Date, as confirmed by Mr. Leung, he did not have any interest in Customer F. Apart from the trust arrangement, there is no past or present relationship between Mr. Leung and the Beneficiary.

For FY2016, FY2017 and 7M of FY2018, our (i) revenue; and (ii) gross profit attributable to transactions with Customer F were (i) approximately HK\$327,000, HK\$1,590,000 and HK\$438,000 respectively; and (ii) approximately HK\$74,000, HK\$359,000 and HK\$110,000 respectively. The cessation of the trust arrangement between Mr. Leung and the Beneficiary had not resulted in Customer F ceasing its business relationship with our Group.

As noted above, our top five customers for each of FY2016, FY2017 and 7M of FY2018 included certain printing service companies. Our Directors believe that such printing service companies required printing services from us as a result of their respective temporary over-capacity.

### OUR PRODUCTION FACILITIES

#### Production site

Our production base in Hong Kong effectively enables us to provide printing services with fast turnaround time for our customers in Hong Kong. As at the Latest Practicable Date, our main production site and warehouse were located at Block 4, Kwun Tong Industrial Centre, Hong Kong. Our main production site and warehouse occupy a combined saleable area of 14,415 square feet. We also operated three workshops located at various locations in Hong Kong which are principally used for printing and collection of finished printed products by customers.

#### Machinery and equipment

We are equipped with advanced offset presses, ink-jet printers and toner-based digital printers which are efficient and automated in their operations. As at the Latest Practicable Date, we owned four offset presses, four toner-based digital printers and three ink-jet printers which were involved in the printing process. As at the Latest Practicable Date, we had more than seven machines for undertaking simple post-press treatment services such as binding and laminating. Our printing machines are automated in their operations and are capable of undertaking print jobs in varying quantities efficiently and speedily. Save for three toner-based digital printers which are located in Shop D3, G/F, Kwun Tong Industrial Centre, Phase III, Kowloon, all our offset presses, toner-based digital printers and ink-jet printers are located at our main production site in Kwun Tong.

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As at the Latest Practicable Date, we had the following offset presses, toner-based digital printers and ink-jet printers:

### *Offset presses*

<b>Machines</b>	<b>Country of manufacture</b>	<b>Year of acquisition</b>	<b>Estimated remaining lifespan<sup>(Note 1)</sup></b>	<b>Net book value as at 31 October 2017 (HK\$)</b>
Heidelberg Speedmaster Eight-Colour Offset Press Model SM 102-8-P	Germany	2012	four years	6,060,271
Heidelberg Speedmaster Eight-Colour Offset Press Model SM 102-8-P	Germany	2010	two years	3,528,333
Heidelberg Speedmaster Four-Colour Offset Press Model SM52-4	Germany	2009	one year	423,938
Heidelberg Speedmaster Four-Colour Offset Press Model CD102-4	Germany	2007	0	—

### *Toner-based digital printers*

<b>Machines</b>	<b>Country of manufacture</b>	<b>Year of acquisition</b>	<b>Estimated remaining lifespan<sup>(Note 1)</sup></b>	<b>Net book value as at 31 October 2017 (HK\$)</b>
Konica Minolta Press Model C1060	The PRC	2016	three years	646,100
Fuji Xerox Model C1000	Japan	2013	one year	374,687
Fuji Xerox Model V80	Japan	2015	three years	351,765
Fuji Xerox Model DC1450	Japan	2013	one year	28,797

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### *Ink-jet printers*

Machines	Country of manufacture	Year of acquisition	Estimated remaining lifespan <sup>(Note 1)</sup>	Net book value as at 31 October 2017 (HK\$)
HP Designjet L25500	Malaysia	2013	0	—
HP Designjet L25500	Malaysia	2011	0	—
HP Latex 375 Printer <sup>(Note 2)</sup>	Malaysia	2018	three years	N/A

### *Notes:*

- (1) The remaining lifespan is estimated based on our Group's depreciation schedule. Machines which have zero (0) remaining lifespan have been depreciated in full but are still in use by us as at the Latest Practicable Date.
- (2) The HP Latex 375 Printer was acquired subsequent to the Track Record Period, the purchase cost of which was HK\$170,000.

Based on our production needs and usual practice in operations, the estimated life span of our offset presses, toner-based digital printers and ink-jet printers are on average around ten, five and three years respectively. As at the Latest Practicable Date, our offset presses, toner-based digital printers and ink-jet printers have been in operation for an average of approximately eight, three and four years respectively. We carry out regular inspection and maintenance of our machines at least once a week and our repair and maintenance costs for all production machineries and equipment amounted to approximately HK\$1.1 million, HK\$1.0 million and HK\$0.9 million respectively for FY2016, FY2017 and 7M of FY2018. Based on our regular inspection and maintenance, our machineries and equipment are in good condition. In order to meet our future production requirements, we intend to purchase a five-colour offset press to replace one of our four-colour offset presses and a hybrid printer during the period from the Listing Date to 30 September 2018. Further details of the purchase such machines are set out in the sub-section headed "Business strategies" in this section.

### **Printing technologies**

Depending on the product types, quality and other requirements of our customers, the printing processes used by us include offset printing, ink-jet printing and toner-based digital printing. Each of the printing processes used by us has its unique advantages which we effectively leverage to complement our production needs.

Offset printing refers to a classic printing technology where the inked image is transferred from the image carrier (i.e. zinc printing plate) to the blanket cylinder and then to the substrate. The substrate can be a variety of different materials but the process is limited to flat surfaced objects. Offset printing offers consistent high image quality for products and is relatively cost-efficient for large volumes of print orders. Offset printing requires the use of printing plates.

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As compared to offset printing, ink-jet printing and toner-based digital printing are relatively new printing technologies where the printing system interprets digital-based images and recreates the final image on the printing material. Ink-jet printing and toner-based digital printing processes are highly computerised and eliminate the need for a printing plate, which effectively reduces setup time and cost of print jobs. As pre-press setting and plate-making are required for offset printing, it may not be as economical or time efficient for low volume or urgent printing orders as compared to ink-jet printing or toner-based digital printing. Ink-jet printing and toner-based digital printing provide solutions for low volume printing and allow for more flexibility since texts and images can be changed from one copy to the next without stopping or slowing the printing process.

Toner-based digital printing refers to a digital printing technology which adopts toner, a powdery substance, to form the printed content usually used by laser printers. During the printing process, a laser beam is used to scan and form an electrically charged image on a drum based on the digital signals, and then the drum selectively collects charged toner and transfers the image to the substrate, which is then heated in order to fuse the toner into the substrate permanently.

Ink-jet printing refers to the printing technology that sprays electrically charged droplets of ink onto various substrate including paper and plastic. During the printing process, droplets of ink, which is usually in liquid form, are sprayed out of nozzles using thermal effect or piezoelectric effect and form images on the substrate.

We generally use offset printing for large volume orders which are paper-based, ink-jet printing for orders which are for large-dimension products which are for outdoor display, and toner-based digital printing for small volume orders which are for small-dimension paper-based products which are not for outdoor display.

Accordingly, the offering of offset printing, ink-jet printing and toner-based digital printing to our customers allows them the flexibility to select the most time and cost efficient method of printing depending on the particular print order requirements and also enables us to print products with a wide range of quantities, qualities, resolutions, styles and format selections.

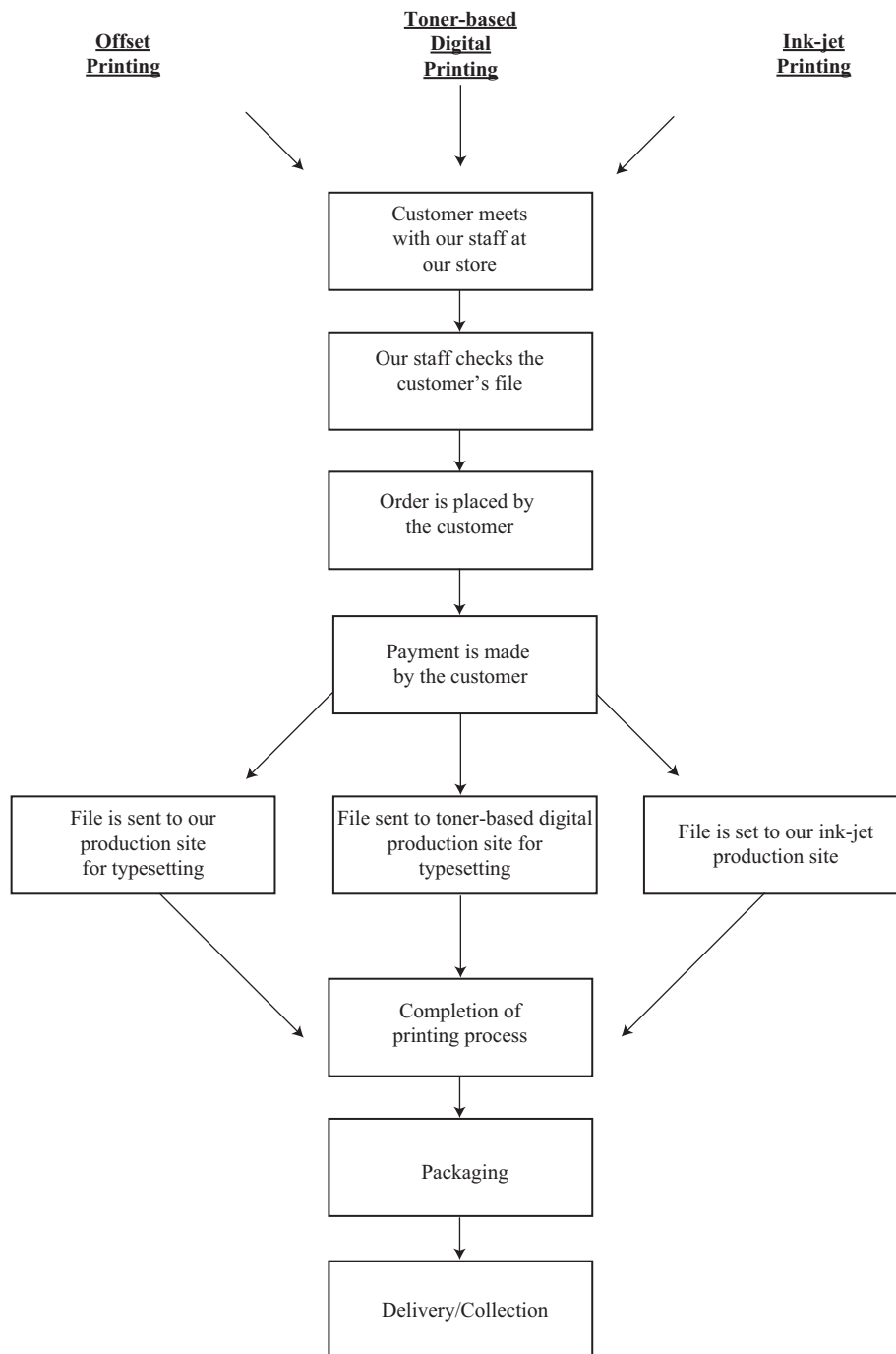
During the Track Record Period, offset printing accounted for around 75% to 78% of our printing services (in terms of revenue), ink-jet printing accounted for around 10% to 12% of our printing services (in terms of revenue) and toner-based digital printing accounted for around 6% to 7% of our printing services (in terms of revenue).

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### Production process





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Each of offset printing, ink-jet printing and toner-based digital printing will be used in our production process. For offset printing, after the pre-press process has been completed, the print proof will go through the computer-to-plate process which involves transferring the images in digital format from the computer onto a number of zinc printing plates. During the offset printing process, zinc printing plates will be used to produce an inked image. The image is firstly transferred from the image carrier (i.e. zinc printing plates) to the blanket cylinder and then to the substrate.

For toner-based digital printing and ink-jet printing, the process is digital and no plate-making is required. The print images will be processed to output a digital printing file whereupon the output file will then be transferred to the relevant digital or ink-jet printers for printing.

After printing, the printed sheets will be transferred to the paper-cutting machines for cutting into the desired form and separation. Depending on our customers' specific requirements, the printed sheet will undergo post-press treatment stages before becoming the finished product. Post-press treatment services include, among others, UV spotting, binding and laminating, most of which were sub-contracted to other sub-contractors during the Track Record Period.

### **Quality control**

We strive to provide high quality services and products to our customers. We have established comprehensive internal quality control procedures that allow us to uphold the standards of our product quality. Quality control is performed throughout the production process from time to time.

### *Raw materials from suppliers*

Raw materials received from our suppliers are signed by a member of our staff and delivered to our warehouse for counting and checking by the warehouse keeper. Raw materials which do not meet the required standards of our Group will be returned to the relevant suppliers for replacement or accepted at a discounted price in accordance with the terms of the relevant terms of procurement.

### *Pre-press stage*

During the type-setting process, staff at our stores will, to the best of their abilities, screen each order in order to determine whether there are any problems with the order and whether the relevant order contains any prohibited or illegal content such as sexually explicit material or material which may constitute copyright infringement. However, we cannot guarantee that our customers' orders do not contain any prohibited or illegal content as often the contents of the orders received by us are often too substantial for us to screen in detail.

Our staff will conduct a preliminary check on the design provided by our customers. Upon request, print proof will be sent to the particular customer by e-mail for preview and confirmation in order to ensure that the print order in question meets the particular customer's expectations.

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### *Printing and post-press treatment stage*

Subsequent to bulk printing and, where applicable, post-press treatment, we conduct sample checks on the finished products to see if they conform to our customers' requirements and specifications before packaging and delivery.

In the event the finished product does not meet the standards of our quality check, we will immediately carry out rectification measures such as re-processing or discarding the sub-par finished product and producing a new batch of the same product.

### *Outsourced processing*

Inspection on the quality of the outsourced processing printing products will be conducted by our staff at the pre-press stage, where our staff will perform the usual checks such as confirming the order with the customer before being sent off to the sub-contractor. We maintain a list of approved sub-contractors for printing and other post-press treatment. We rely on our sub-contractors in controlling the quality of the finished outsourced products and had not received any material complaint on quality in relation to such outsourced products during the Track Record Period. For further details of our sub-contracting arrangement, please refer to the section headed "Sub-contracting" in this section.

### **Production capacity and utilisation rate**

As around 75% to 78% of our revenue during the Track Record Period were derived from offset printing, the analysis of our production capacity and utilisation rate is focused on the discussion of our offset presses.

The table below sets out information about the production capacity, the production volume and the average utilisation rate of our offset presses during the Track Record Period:

	<b>Number of impressions for</b>		
	<b>FY2016</b>	<b>FY2017</b>	<b>7M of FY2018</b>
Maximum production capacity ( <i>Note 1</i> )	100,800,000	100,800,000	46,005,000
Actual production volume ( <i>Note 2</i> )	85,508,628	93,556,591	40,094,056
Utilisation rate ( <i>Notes 3 and 4</i> )	84.8%	92.8%	87.2%

#### *Notes:*

- (1) For illustration purposes only, the maximum production capacity of our offset presses is derived from figures based on certain assumptions which are established by us. The maximum production capacity is measured in terms of the maximum possible number of impressions of the offset presses (as adjusted to meet the minimum acceptable standards of printing

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quality) involved in the printing process per hour (after deducting the estimated minimum set up time for the offset presses which mainly comprises the time required for colour adjustment and zinc printing plate changes), multiplied by 20 working hours per day (after deducting lunch and rest periods of employees) and 280 days per year (after deducting statutory and public holidays) for each of FY2016 and FY2017 and 120.5 days (after deducting statutory and public holidays, days for repair and maintenance and days affected by typhoons) for 7M of FY2018.

- (2) The actual production volume refers to the actual number of impressions made by our offset presses during the relevant period.
- (3) Utilisation rate is calculated by dividing the actual production volume by the maximum production capacity.
- (4) The revenue derived from offset printing for FY2016 and FY2017 increased from HK\$95.3 million to HK\$104.0 million. This translates to an increase in the actual production volume of our offset presses, which, in conjunction with our stable maximum production capacity, has resulted in an increase in our utilisation rate during the corresponding period. For 7M of FY2018, our revenue from offset printing of approximately HK\$60.7 million remained relatively stable as compared to that of approximately HK\$60.4 million for 7M of FY2017. The utilisation rate of our offset presses during 7M of FY2018 was slightly lower than that for FY2017.
- (5) As figures for maximum production capacity and actual production volume are based on certain assumptions, including but not limited to, the assumptions set out in these notes, our utilisation rates as set out in the above table are for reference only and are subject to change if the underlying assumptions are altered. Furthermore, the above calculations illustrate the production capacity of our offset presses operating under optimal conditions and do not take into account factors which may influence the printing time for the offset presses, such as number of print orders which may require frequent change of zinc printing plates, resulting in a longer set-up time.

### Sub-contracting arrangements

During the Track Record Period, we sub-contracted certain print processes, post-press treatments and other services to other printing service providers. Further details of such sub-contracting arrangements are set out in the sub-section headed “Sub-contracting” in this section.

### RAW MATERIALS AND OUR SUPPLIERS

Paper is our primary raw material and other materials required for our printing process include ink and zinc printing plates. For FY2016, FY2017 and 7M of FY2018, the cost of raw materials for production of our printing products constituted our largest cost of sales, which amounted to approximately HK\$34.1 million, HK\$34.1 million and HK\$17.7 million respectively, representing approximately 36.4%, 33.3% and 29.2% respectively of our cost of sales for the same period. Out of the total cost of raw materials, approximately 77.0%, 77.4% and 82.4% were the cost of paper for FY2016, FY2017 and 7M of FY2018, while the remaining costs were the cost of other raw materials such as zinc printing plates and ink.

We have long-standing business relationships with our major suppliers and they are familiar with our demand on quantity and requirements as to the quality of the raw materials required by us. Save for a long-term agreement for the supply of ink, we did not enter into any other long-term agreements with our raw material suppliers.

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Our top five suppliers during the Track Record Period comprised suppliers of paper and sub-contractors. For FY2016, FY2017 and 7M of FY2018, our top five suppliers (inclusive of sub-contractors) were Independent Third Parties and total purchases from them and, as the case may be, sub-contracting fees charged by them amounted to HK\$35.1 million, HK\$40.3 million and HK\$30.9 million respectively, accounting for approximately 37.4%, 39.3% and 50.8% of our cost of sales respectively for the same period. None of our Directors, Shareholders (which to the knowledge of our Directors owns more than 5% of the issued share capital of our Company) or their respective close associates had any interest in any of our top five suppliers during the Track Record Period.

The following table sets forth the details of our top five suppliers during the Track Record Period:

Supplier (Country)	Business nature	Length of business relationship with us as at the Latest Practicable Date	Purchases and approximate % of our total purchase for			
			FY2016		FY2017	
			HK\$'000	%	HK\$'000	%
Supplier A (Hong Kong)	Paper supplier	Over six years	10,891	16.0	11,776	15.8
Supplier B (Hong Kong)	Paper supplier	Over ten years	9,514	14.0	9,410	12.7
Shenzhen Sub-contractor (The PRC)	Sub-contractor	Over ten years	6,631	9.7	8,774	11.8
Supplier C and Supplier E (Hong Kong) (Note)	Sub-contractor	Over ten years	5,322	7.8	5,319	7.2
Supplier D (Hong Kong)	Sub-contractor	Over six years	2,706	4.0	5,008	6.7
<b>Total purchase from our top five suppliers</b>			<b><u>35,064</u></b>	<b><u>51.5</u></b>	<b><u>40,287</u></b>	<b><u>54.2</u></b>

Note: The purchases from each of Supplier C and Supplier E have been aggregated for the above purpose as they are controlled by the same group of shareholders. During FY2016, in addition to the transaction amounts stated above, we also received commission income from Supplier C for referring a company ("**Referred Company**") to Supplier C and for providing ancillary services including customer relationship service and financial management service. The Referred Company required certain printing services from suppliers who meet its internal assessment criteria, such as possessing certain environmental certificate. The reason for the referral was because whilst we did not have the requisite environmental certificate, Supplier C had such certificate. The amount of the commission income was calculated based on a certain percentage of the revenue of orders placed by the Referred Company with Supplier C. The Referred Company placed

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orders and made payments directly to Supplier C, which satisfied such orders using its own resources and our Group was not involved in such production process. The commission income for such referral amounted to approximately HK\$1.1 million for FY2016. For further information of the commission income received, please refer to “Financial Information — Description of certain income statement items — Other revenue” in this prospectus.

Supplier (Country)	Business nature	Length of business relationship with us as at the Latest Practicable Date	Purchases and approximate % of our total purchase for 7M of FY2018	
			HK\$'000	%
Supplier F and Supplier G (The PRC) (Note 1)	Sub-contractor	Over one year	14,282	32.5
Shenzhen Sub-contractor (The PRC) (Note 2)	Sub-contractor	Over ten years	5,628	12.8
Supplier A (Hong Kong)	Paper supplier	Over six years	5,044	11.5
Supplier B (Hong Kong)	Paper supplier	Over ten years	3,802	8.6
Supplier C and Supplier E (Hong Kong) (Note 3)	Sub-contractor	Over ten years	2,098	4.8
<b>Total purchase from our top five suppliers</b>			<b><u>30,854</u></b>	<b><u>70.2</u></b>

Note:

- The purchases comprised (i) our printing services sub-contracted to Supplier F during 7M of FY2018; and (ii) our ink-jet orders sub-contracted to Supplier G, a direct wholly-owned subsidiary of Supplier F, during the period from 1 October 2017 to 31 October 2017, being the period subsequent to the acquisition of the business and the related assets of the Shenzhen Sub-contractor by Supplier G. Purchases from each of Supplier F and Supplier G have been aggregated for the above purpose as Supplier G is a wholly-owned subsidiary of Supplier F.
- The purchases comprised our ink-jet orders sub-contracted to the Shenzhen Sub-contractor during the period from 1 April 2017 to 30 September 2017, being the period prior to the acquisition of the business and the related assets of the Shenzhen Sub-contractor by Supplier G.
- Purchases from each of Supplier C and Supplier E have been aggregated for the above purpose as they are controlled by the same group of shareholders.

Supplier F offers packaging solutions and designs, produces, and sells paper packaging products and other related accessories. As at the Latest Practicable Date, Supplier F was listed on the Shenzhen Stock Exchange with a market capitalisation of approximately Renminbi 23.1 billion. During 7M of FY2018, our total purchases from Supplier F and Supplier G, its subsidiary, amounted to approximately 32.5% of our total purchase for the same period. However, we maintain that there is no reliance on Supplier F as during the Track Record Period we have transacted with over 100 other sub-contractors and consequently we would be able to easily find suitable alternative sub-contractors to substitute Supplier F should the need arise. Supplier G, which acquired the business and related assets of the Shenzhen Sub-contractor, has replaced the Shenzhen Sub-contractor as our sole

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sub-contractor for ink-jet printing services since 1 October 2017 and has undertaken to our Group that it would replace and perform all of the Shenzhen Sub-contractor's obligations under a prior long-term framework agreement entered into between the Shenzhen Sub-contractor and our Group in relation to the provision of printing services. For further information in relation to the framework agreement, Supplier G's undertaking and our sub-contracting arrangements, please refer to "Business — Sub-contracting" in this prospectus.

During the Track Record Period, we procured some of our raw materials from a few suppliers for cost and/or consistent product policy reasons. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any significant difficulties in identifying alternative suppliers for our raw materials and we do not anticipate any difficulties in this regard in the foreseeable future. We had not experienced any material dispute with our suppliers, nor any disruption, shortage or delay in the supply of our raw materials which may materially and adversely affect our operations and financial conditions.

We procure raw materials from our suppliers taking into account factors such as our production needs and inventory level. We generally maintained an inventory level of around 10 to 14 days during the Track Record Period. To meet our present and future production needs, we closely monitor the inventory level of the raw materials and place orders when we are aware of insufficiency of raw materials in our inventory. We will constantly review and revise the minimum level of inventory to be maintained with reference to our sales pattern and expected production demand. Where our customers require customised or special raw materials, we procure these raw materials after receipt of purchase orders on a case-by-case basis depending on the types and specifications of the materials required.

Upon receipt of our procurements of raw materials, we will follow our established procedures to ensure the received raw materials meet our quality control standards. For further details, please refer to the sub-section headed "Our production facilities — Quality control" of this section.

During the Track Record Period, we managed to source and maintain sufficient raw materials to meet our customers' needs. When selecting suppliers, we mainly consider their product quality and price. Save for ink, we did not enter into any long-term agreement with our suppliers during the Track Record Period. We enter into individual sales order with them, which in general contains terms including the product specifications, quantity, unit price, total contract sum, place of delivery and payment terms. Our suppliers generally grant us a credit period of 30 to 90 days. We generally arrange for settlement of the cost of raw materials by telegraphic transfer or cheque to our suppliers.

It is noted in the Frost & Sullivan Report that the paper price has experienced a sharp increase in the PRC since the end of 2016 and is expected to remain relatively stable since the second half of 2017 and that the price of the zinc printing plate is expected to show an upward trend in the following three years a result of limited supply of zinc sources from zinc mines globally. Any increase in price in any of the raw materials required for our printing services may adversely affect our profitability and results of operation. For the sensitivity analysis in relation to changes in raw materials costs, please see "Financial Information — Key factors affecting our financial position and results of our operations — Cost of raw materials" in this prospectus.

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### Overlapping of customers and suppliers

Customer J is a wholly-owned subsidiary of Supplier C and the shareholders of Supplier C and Supplier E are the same. Due to the common shareholding, the revenue derived from our sales to Customer J and Supplier E have been aggregated for the purpose of this discussion.

On one hand, for FY2016 and FY2017, we provided printing services to Customer J and Supplier E amounting to an aggregate of approximately HK\$0.6 million and HK\$1.1 million respectively, which represented approximately 0.5% and 0.8% of our revenue for the same period. Based on the gross profit margin of our Group's offset printing of 20.4% and 20.1% for FY2016 and FY2017 respectively, gross profit attributable to the sales in aggregate to Customer J and Supplier E were approximately HK\$0.15 million and HK\$0.23 million for FY2016 and FY2017 respectively. For 7M of FY2018, we provided printing services to Customer J and Supplier E amounting to approximately HK\$1.0 million, representing approximately 1.3% of our total revenue. Based on the gross profit margin of our Group's offset printing of 21.0%, gross profit attributable to the sales to Customer J and Supplier E was approximately HK\$0.26 million for 7M of FY2018.

On the other hand, we sub-contracted printing services in the amount of approximately HK\$42,000 and HK\$4,000 to Supplier E in FY2016 and FY2017. We also sub-contracted printing services to Supplier C amounting to approximately HK\$5.3 million, HK\$5.3 million and HK\$2.1 million respectively for FY2016, FY2017 and 7M of FY2018, representing approximately 5.7%, 5.2% and 3.5% of our costs of sales for the same period.

Our Directors confirmed that negotiation of the terms of our sub-contracting arrangements with Supplier E and Customer J, as well as our sales to Supplier C, Supplier E and Customer J, were conducted separately and the sales and purchases were neither inter-connected nor inter-conditional with each other. The terms of transactions with Supplier C, Supplier E and Customer J are similar to those transactions with our other customers and suppliers, which our Directors considered to be on normal commercial terms. On such basis and based on review of our internal records that our pricing terms to/from these suppliers and Customer J remained comparable to market rates offered by other suppliers and to other customers, our Directors believe that there is no loss of bargaining power in relation to the overlapping "customers and suppliers". None of the arrangements with our overlapping customers and suppliers have conditions that could restrict our discretion in making business decisions (including our choice of suppliers of raw materials/sub-contractors).

To the best knowledge and belief of our Directors, each of Supplier C, Supplier E and Customer J is an Independent Third Party. None of our Directors, their respective close associates, or any Shareholder who, to the best knowledge of our Directors, owns more than 5% of our issued share capital, has any interest in Supplier C, Supplier E and Customer J during the Track Record Period. Save as disclosed above, to the best knowledge of the Directors, none of our top five suppliers is also our customers and none of our top five customers is also suppliers during the Track Record Period.



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Each of Supplier C, Supplier E and Customer J is a printing service provider.

As stated in the sub-section headed “Business — Sub-contracting” of this section, our commercial rationale for sub-contracting out certain production procedures and printing services to sub-contractors such as Supplier C, Supplier E and Customer J is threefold: (i) to maintain our cost-effectiveness and competitiveness by focusing on our specialised areas by sub-contracting out printing jobs which we do not have the specialised machinery for; (ii) to expand our product mix without having to make investment in specialised machines which processes do not form key parts of the production processes; and (iii) to cater to our over capacity during peak season and to maximise our profit.

Conversely, our sales to Supplier C, Supplier E and Customer J are printing orders taken by us as part of our ordinary course of business and are neither inter-connected nor inter-conditional with each other or the sub-contracting arrangements.

### SUB-CONTRACTING

During the Track Record Period, apart from the production at our own production site, we also engaged sub-contractors who were Independent Third Parties to complement our production needs. We sub-contracted to other sub-contractors certain printing services and production of other products such as pre-ink stamps, plastic name-cards, printed eco-bags and printed plastic folders, which require specialised machines. Sub-contracting helps maintain our cost-effectiveness and competitiveness by focusing on our specialised areas and expand our product mix since our Directors consider it uneconomical to make investment in such specialised machines while these processes do not form key parts of the production processes. To cater to our over capacity during peak season and maximise our profit, we also engaged other printing service providers to carry out production.

During the Track Record Period, we had engaged over 100 sub-contractors which are located in Hong Kong, Shenzhen and Huizhou and all of such sub-contractors were Independent Third Parties. Our business relationships with our various sub-contractors range from over one year to over nine years. For FY2016, FY2017 and 7M of FY2018, our sub-contracting fees charged by sub-contractors totalled approximately HK\$33.2 million, HK\$40.6 million and HK\$27.0 million respectively, representing approximately 35.5%, 39.6% and 44.4% respectively of our cost of sales during the same period.

We select our sub-contractors based on various factors such as their production capabilities, cost and quality. We negotiate the terms and conditions of each sub-contracting job on a case-by-case basis with reference to the prevailing market price. We do not supply sub-contractors with raw materials and they are solely responsible for procuring the requisite raw materials for production. The sub-contractors may deliver the finished products to our stores or workshops for delivery or collection by our customers or to our customers directly.

During the Track Record Period, we did not experience any material issues or disputes in relation to product quality or delivery with any of our sub-contractors and did not enter into any long-term contract with our sub-contractors.



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During FY2016, FY2017 and 7M of FY2018, revenue attributable to ink-jet printing services accounted for approximately 10.2%, 10.4% and 12.4% of our total revenue respectively. During the Track Record Period, a substantial portion of our work in relation to the ink-jet printing services was sub-contracted to the Shenzhen Sub-contractor who was our sole sub-contractor for work of this nature up to and including 30 September 2017 when the business and related assets of the Shenzhen Sub-contractor were acquired by Supplier G, whereupon Supplier G became the sole sub-contractor for ink-jet printing services. As at the Latest Practicable Date, we owned three ink-jet printers to process ink-jet orders requiring the printing of small-dimension products. For orders which require the printing of larger-dimension products, we sub-contract such orders to Supplier G which possesses advanced ink-jet printers capable of handling such orders at a faster and more cost-effective manner. As at the Latest Practicable Date, we had over one year of business relationship with the holding company of Supplier G. Prior to the business and the related assets of the Shenzhen Sub-contractor being acquired by Supplier G, we had entered into a long-term framework agreement with the Shenzhen Sub-contractor regarding our sub-contracting arrangement. The salient terms of such framework agreement are set out below:

Parties	:	Print Shop Limited, Net Printshop, Universe Printing, Startec Colour Separation Printing (“ <b>Sub-contractees</b> ”) and the Shenzhen Sub-contractor
Date of framework agreement	:	22 May 2017
Term	:	Three years, from 1 April 2017 to 31 March 2020
Service scope	:	Provision of processing services by the Shenzhen Sub-contractor to the Sub-contractees in accordance with the requirements (including printing quality and raw materials used)
Sub-contracting fee	:	To be determined based on an order-by-order basis
Exemption clause	:	Our Group shall not be liable for any breach of laws, regulations and/or administrative rules in relation to the operation of the Shenzhen Sub-contractor

Subsequent to Supplier G acquiring the business and the related assets of the Shenzhen Sub-contractor, Supplier G has undertaken to our Group that it would replace and perform all of the Shenzhen Sub-contractor’s obligations under the framework agreement.

Although we only engage the Shenzhen Sub-contractor/Supplier G for sub-contracting arrangements regarding ink-jet printing services during the Track Record Period, we do not consider such arrangement will have a material adverse impact on our business as we have also identified other printing service providers in Shenzhen which possess comparable production technologies, if required.

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### MAJOR QUALIFICATIONS AND LICENCES

We have been a certified G7 Master Qualified facility since 2012 for a consecutive period of five years. G7 is an industry-leading set of specifications created by International Digital Enterprise Alliance (a not-for-profit membership organisation that has been a leader in information technology and publishing) for achieving gray balance and is the driving force for achieving visual similarity across all print processes. G7 Master Qualification is granted to a physical facility which has calibrated certain equipment and systems to G7 gray balance and neutral tone curves and is capable of delivering G7 proofs and print products. The G7 Master Qualification ensures that the company is able to produce consistent visual appearance across different substrates and technologies and close visual match between proof and print conforming to global standards.

### AWARDS AND ACCREDITATIONS

Our work has been recognised and we have received a number of awards and accreditations in the past few years, as set out below:

Awards and accreditations	Year of grant	Issuing institution/authority
10 <sup>th</sup> HK Digital Printing Award — Gold Award for Booklet Printing (第10屆香港數碼印刷大獎 - 靜電式書刊印刷(平裝書)金獎)	2012	HK Digital Printing Association (香港數碼印刷協會)
10 <sup>th</sup> HK Digital Printing Award — Bronze Award for Leaflet and Combined Printing (第10屆香港數碼印刷大獎 — 單張紙及組合印刷銅獎)	2012	HK Digital Printing Association (香港數碼印刷協會)
The Excellence Brand Award — The Outstanding Printing Company (星級優秀品牌大獎2017 — 星級印刷公司品牌大獎)	2017	PCCW Media Limited (電訊盈科媒體有限公司)

### COMPETITION

According to the Frost & Sullivan Report, considering the high rental cost and labour cost for maintaining physical store network, many smaller business printing companies who usually rely on a few large high-value customers, are reluctant to establish sophisticated retail network. However, some business printing companies, including our Group, set up both retail stores and online printing platforms. Our Directors consider that retail channel is beneficial for capturing and better serving the growing demand from SMEs whose orders are usually in small quantities. In addition, we believe that retail channel on the one hand, is appealing to customers who prefer on-site ordering and are in need for fast printing or design service, and on the other hand, helps expand client base and lowers the risk of reliance on a few customers.

As compared to new entrants to the printing services industry who will be required to make a significant upfront capital investment at the outset, we possess several innate competitive advantages such as advanced printing machinery, an established and extensive store network, technical expertise, close relationships with our suppliers and modern information technology infrastructure.

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According to the Frost & Sullivan Report, we were the third largest business printing service provider in terms of revenue in Hong Kong in 2016, accounting for approximately 5.1% of the market share in 2016, and the second largest business printing service provider with retail channels in terms of revenue in Hong Kong in 2016. The estimated market size of business printing market generated by companies with retail channel in Hong Kong was approximately HK\$832.5 million in 2016, representing approximately 31.9% of the entire business printing market in Hong Kong in 2016.

For details of the competitive landscape of the industry in which our Group operates, please refer to “Industry Overview — Competition”. For details of our competitive strengths, please refer to “Business — Competitive Strengths”.

### OUR EMPLOYEES

As at the Latest Practicable Date, we had 132 employees. The following table sets out the number of our employees in Hong Kong by their functional role:

Functional role	Number of employees
Directors and senior management	8
Production and procurement	51
Sales and marketing <sup>(Note)</sup>	56
Human resources and administrative	7
Finance	10
<b>Total:</b>	<b>132</b>

*Note: These include our staff stationed in our stores.*

We recruit our employees based on various factors such as their work experience, educational background, qualifications or certifications possessed and vacancies.

All our new employees are generally subject to a three-month probation. After the probation period, we will conduct a performance appraisal to determine whether the relevant employee will be appointed as our permanent employee.

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. Our Directors consider that our training programme can help to increase our overall efficiency and allow us to retain skilled employees.

The remuneration package for our employees generally comprises salaries and discretionary bonuses. Our employees also receive benefits such as welfare benefits, retirement benefits and occupational injury insurance. We conduct annual review of the performance of our employees for determining the level of bonus, salary adjustment and promotion of our employees.

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We have not set up any trade union for our employees. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any strikes or other material labour disputes that have materially disrupted our operations. Our Directors believe that we have maintained a good working relationship with our employees.

Our staff cost, including salaries, bonuses, other employee's benefits and contributions to defined contribution retirement plans, totalled approximately HK\$25.4 million, HK\$27.1 million and HK\$16.4 million for FY2016, FY2017 and 7M of FY2018 respectively.

### WORK SAFETY

We provide training to new production employees to ensure they are familiar with and will adhere to our safety guidelines.

Incidents of work injury are reported to our administrative department for record and review. Regular meetings are held to evaluate the causes of the incidents of work injury and revise the work safety guidelines if necessary.

We have taken out employee compensation insurance policy in respect of persons employed as employees by our Group in compliance with Hong Kong laws to cover our liability in the event that our employees suffer injuries or illnesses during the normal course of their work.

During the Track Record Period, we were informed of three work injuries in Hong Kong. Payment was made to the relevant injured employee by the Group under the Employees' Compensation Ordinance. The Group recouped such amounts paid to the relevant employee under the Employee's Compensation Ordinance from our insurance company. Subsequent to the recovery of the relevant injured employees, such employee resumed his/her duties with the Group.

### INSURANCE

In addition to the employee compensation insurance, we are also insured against a range of risks including, property, machinery, fire, public liability, material damage, inventory, fixtures, business interruption and money protection.

Our Directors consider the coverage of our existing insurance is sufficient and in line with the industry practice. The total amount of premium charged under the insurance (inclusive of employee compensation insurance) was approximately HK\$154,000, HK\$319,000 and HK\$187,000 for FY2016, FY2017 and 7M of FY2018 respectively.

### ENVIRONMENTAL PROTECTION

We are subject to various laws and regulations regarding environment protection, health and workplace safety in Hong Kong. For details of the requirement under such laws and regulations, please refer to "Regulatory Overview" in this prospectus.

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During the production and printing process, we produce various types of wastes. Such wastes principally comprise used zinc printing plates and scrap paper.

Most of the scrap paper and used zinc printing plates are recyclable and such waste materials were sold to waste collectors during the Track Record Period. After we have depleted our ink containers, the empty ink containers will be collected by the suppliers of such containers.

Our scrap sale income amounted to HK\$0.9 million, HK\$1.0 million and HK\$0.6 million in FY2016, FY2017 and 7M of FY2018 respectively, and mainly represented sales of used zinc printing plates and scrap paper.

### LEGAL PROCEEDINGS AND LEGAL COMPLIANCE

#### Legal proceedings

During the Track Record Period and as at the Latest Practicable Date, no member of our Group was engaged in any litigation, claim or arbitration of material importance and no litigation, claim or arbitration of material importance is known to the Directors to be pending or threatened against any member of our Group.

#### Legal non-compliance

During the Track Record Period and up to the Latest Practicable Date, our Group has not had any material impact non-compliance incidents nor systemic non-compliance incidents.

Certain members of our Group, as the tenant, had occupied certain leased properties in Hong Kong for purposes outside the scope of the permitted usages set out in the Government leases, deeds of mutual covenant of relating to such leased properties (“DMC”) and/or occupation permits of each of the relevant properties. We had ceased all the non-compliant usage of these properties by 25 May 2017 and relocated our business operations in those properties to other properties leased by us in the same districts as replacement in May 2017 to continue to serve our customers in those districts and a new office premises as our main office in Hong Kong in replacement of our original office premises which was not legally permitted to be used as office and for retail purpose, with all the replacement leased properties being legally permitted to be used for conducting our business and (where applicable) for office use.

As advised by the Counsel, since our Group has already ceased all the non-compliant usages of the relevant properties by 25 May 2017 and accordingly, any change in the use of the premises under the Buildings Ordinance had been discontinued and restored, the risk of any enforcement actions to be taken by the Government or the Building Authority against our previous usage of the relevant properties before 25 May 2017 is very slim. As further advised by the Counsel, since our Group has already ceased all the non-compliant usage of the properties, there is no real risk that the Government will take any action of re-entry and any civil claim against our Group for these non-compliance incidents, and the risk of legal actions to be taken by the incorporated owners or manager of the building against our Group for the historical breach of the relevant DMC is also slim. We were also advised by the Counsel that as the operation of printing business itself is not illegal under the law, the

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historical non-compliant usages of properties should not render the sales and revenue derived by our Group in relevant properties during the occurrence of the non-compliant usages invalid under the law and the potential legal consequences of the non-compliances should not involve the recovery or confiscation of the sales generated from such properties during the period of non-compliance.

Taking into account (i) the fact that all the non-compliant usage of these properties had ceased by 25 May 2017 ; (ii) the advice of the Counsel set out above; (iii) the fact that our revenue for 7M of FY2018, after the cessation of non-compliant usage, remained relatively stable when compared to 7M of FY2017 based on the unaudited management accounts of our Group; and (iv) based on the advice of Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer, on the hypothetical assumption that all of the five properties with non-compliant usage could be legally used for retail purpose and (only in respect of the Group's office during that period) as office during the periods of their respective tenancies which covered the two years ended 31 March 2017 and before the cessation of the non-compliant usage of these properties by 25 May 2017, the market rent for all of these five properties in aggregate during the two years ended 31 March 2017 and the two months ended 31 May 2017 would be approximately HK\$5.8 million. By comparing that with the actual total rental expenses incurred by our Group in respect of these five properties for the same period of approximately HK\$4.2 million, the additional rental expenses which would have been incurred by our Group during the Track Record Period if those properties were legally permitted to be used for the purposes actually used by our Group would be approximately HK\$1.6 million, representing approximately 7.4% of the total operating lease expenses incurred by the Group, and based on the aforesaid, our Directors are of the view that these non-compliance incidents do not have any material impact on the operational and financial position of our Group and as such, we have not made any provision for these non-compliance incidents in our financial statements.

Our Directors confirm that save as disclosed above, we have complied with all applicable laws and regulations in all material respects in Hong Kong during the Track Record Period and up to the Latest Practicable Date.

## INTERNAL CONTROL

Our Directors recognise the importance of good corporate governance and strive to improve it through a variety of means. We entered into an engagement letter with an independent internal control consultant in March 2017 to review our internal control system. The scope of the engagement mainly entailed: (i) conducting a review of our internal control at corporate level and business operation level; (ii) reporting major risks and operational inefficiencies; (iii) assessing whether policies and operation procedures documents are being appropriately maintained and properly executed; (iv) recommending improvements; (v) communicating with our Directors and senior management to report the findings and recommendations of the review; and (vi) conducting follow-up reviews and reporting on the findings.

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To continuously enhance our corporate governance, we have adopted all of the following specific measures:

- (i) we have appointed Ballas Capital Limited as our compliance adviser with effect from Listing to advise us on on-going compliance with the GEM Listing Rules and other applicable securities laws and regulations in Hong Kong;
- (ii) we will appoint legal advisers as to the laws of Hong Kong and the Cayman Islands to advise our Group on the laws and regulations of Hong Kong and the Cayman Islands applicable to us;
- (iii) our Board as a whole is responsible for carrying out the corporate governance functions as required under the Corporate Governance Code provisions as set forth in Appendix 15 to the GEM Listing Rules. Our Board has also established the audit committee comprising all our independent non-executive Directors as part of our measures to improve corporate governance. The primary duties of the audit committee are to provide our Directors with an independent review of the effectiveness of the financial reporting process, internal control system of our Group, to oversee the audit process and to perform other duties and responsibilities as assigned by our Directors;
- (iv) we have established a risk management committee comprising two of our executive Directors, namely, Mr. Chau and Mr. Hsu, and all of our independent non-executive Directors as part of our measures to evaluate, manage and mitigate risks, including, among others, legal and regulatory risks faced by our Group. Written terms of reference of our risk management committee have been adopted in compliance with the Corporate Governance Code provisions as set forth in Appendix 15 to the GEM Listing Rules; and
- (v) to strengthen the knowledge and understanding of our Directors on the relevant laws and regulations applicable to a company listed on the Stock Exchange and the GEM Listing Rules, our Directors have attended a training in this regard provided by the Hong Kong Legal Adviser on 2 June 2017.

To avoid the possible non-compliant use of leased properties in the future, our Group will engage professional advisers, including legal and (if applicable) other advisers, in a timely manner to render professional advice to ensure that we are compliant with the applicable land use restrictions and requirements under the relevant laws and regulations before entering into tenancy agreements and usage of properties. Our shop managers and senior management will report regularly to our executive Directors on the uses and conditions of our leased properties, including our stores, production facilities, warehouse and office, to ensure full compliance with the applicable laws and regulations.

The internal control consultant has conducted a follow up review of our internal control system and no further deficiencies were identified.

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## BUSINESS

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### OUR PROPERTIES

As at the Latest Practicable Date, we did not own any real property and we leased and occupied 27 properties in Hong Kong for our stores, workshops, warehouses and offices.

During the Track Record Period, save for the leasing of the properties located at Units A, B, M, N, Q, R on 8/F. and Room A on 9/F., and Basement Unit A4, Block 4, Kwun Tong Industrial Centre, 436-446 Kwun Tong Road, Kowloon from connected persons of our Company, all our properties were leased from Independent Third Parties. Further details of the transaction with connected person are set out in “Connected Transactions” in this prospectus.

For FY2016, FY2017 and 7M of FY2018, our rental expenses, management fee, government rent and rates (excluding water, gas and electricity charges) were approximately HK\$8.2 million, HK\$8.9 million and HK\$5.3 million respectively.

As at the Latest Practicable Date, as we had no single property with a carrying amount of 15% or more of our total assets, on this basis, we are not required by Rule 8.01A of the GEM Listing Rules to include in this prospectus any valuation report. Pursuant to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings.

### INTELLECTUAL PROPERTY RIGHTS

As at the Latest Practicable Date, we had three registered trademarks and registered five domain names, which are used or intended to be used by our Group.

As at the Latest Practicable Date, we had not received any material claim against us for infringement of any trademark nor were we aware of any pending or threatened claims in relation to any such infringement, nor had any material claim been made by us against third parties in relation to the infringement of intellectual property rights owned by us or third parties.

Please refer to “B. Further information about the business of our Company — 2. Intellectual property rights of our Group” in Appendix IV to this prospectus for further details of our intellectual property rights.



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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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### BOARD OF DIRECTORS

Our Board of Directors consists of four executive Directors and three independent non-executive Directors. Our Board is responsible for and has general powers for the management and conduct of the business of our Group. The table below sets forth certain information in respect of the members of our Board.

#### Members of our Board

Name	Age	Date of joining our Group	Date of appointment as Director	Position	Roles and Responsibilities	Relationship with other Directors and senior management
<b>Executive Directors</b>						
Mr. Chau Man Keung (周文强)	57	May 2001	27 April 2017	Executive Director and chairman of the Board	Responsible for overall management, strategic planning and development of our Group	Nil
Mr. Hsu Ching Loi (許清耐)	45	May 2001	27 April 2017	Executive Director and Chief Executive Officer	Responsible for overall management of our Group's business operation and development, formulating production procedure, pricing strategy, sourcing of raw materials, and overseeing our Group's Human Resources Department	Nil
Mr. Wong Man Hin Joe (黃文軒)	48	March 2002	27 April 2017	Executive Director	Responsible for overall management of our Group's business and overseeing daily operation, in particular overseeing the ink-jet printing operation	Nil
Mr. Leung Yuet Cheong (梁悅昌)	55	April 2005	27 April 2017	Executive Director	Responsible for overall management of our Group's business and overseeing daily operation, in particular sales and marketing of our Group	Nil

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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Name	Age	Date of joining our Group	Date of appointment as Director	Position	Roles and Responsibilities	Relationship with other Directors and senior management
<b>Independent non-executive Directors</b>						
Mr. Wan Aaron Chi Keung, <i>BBS, JP</i> (尹志強)	68	February 2018	26 February 2018	Independent non-executive Director	Providing independent judgment to our Board	Nil
Mr. Chan Chun Kit (陳俊傑)	35	February 2018	26 February 2018	Independent non-executive Director	Providing independent judgment to our Board	Nil
Dr. Sun Yongjing (孫咏菁)	46	February 2018	26 February 2018	Independent non-executive Director	Providing independent judgment to our Board	Nil

### Executive Directors

**Mr. CHAU Man Keung** (周文強), aged 57, is an executive Director and the chairman of our Board. Mr. Chau was a co-founder of our Group and is primarily responsible for the overall management, strategic planning and development of our Group. Mr. Chau was appointed as a Director on 27 April 2017 and was re-designated as an executive Director and appointed as chairman of the Board on 2 June 2017. He is the chairman of the risk management committee and a member of both the remuneration committee and the nomination committee of our Board. He is also a director of each of the subsidiaries of our Company, namely, Universe Printshop, All In 1 Printing, Universe Printing, Print Shop Limited, Startec Colour Separation Printing and Net Printshop.

Mr. Chau has 30 years of experience in the printing industry in Hong Kong. He co-founded our Group in 2001 and was appointed as one of the initial directors of each of our Former Group Companies. Prior to joining our Group, Mr. Chau had accumulated more than 14 years' industry experience through setting up a partnership business with his other business partners to provide printing services in Hong Kong from June 1987 to 2001 prior to co-founding our Group.

Mr. Chau attended secondary education in Hong Kong. He completed the Assessor Training course "Printing industry — Electronic Commerce Business" (competency level 4) in May 2017 under the Recognition of Prior Learning (RPL) scheme, aiming to enable practitioners with various backgrounds to receive formal recognition of the knowledge, skills and experience already acquired.

Mr. Chau was a director of the following companies which were incorporated in Hong Kong and were dissolved by deregistration pursuant to section 291AA of the Predecessor Companies Ordinance or section 751(3) of the Companies Ordinance which provides that a defunct and solvent company may be dissolved by way of deregistration. Mr. Chau confirmed that the deregistration of each of the following companies was voluntary by way of submitting an application to the Companies Registry because these companies had either never commenced business or operation or ceased to carry on business or operation for more than 3 months immediately before the relevant application.

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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Name of company	Nature of business before deregistration	Reason for deregistration	Date of deregistration
Astro Publishing Limited (星出版有限公司)	Not applicable	Never commenced business	13 June 2003
Samfine Eprint Limited (星輝數碼印刷有限公司)	Not applicable	Never commenced business	29 September 2006
Samfine Printing Products Limited (星輝紙品印刷有限公司)	Printing business	Cessation of business	19 December 2014

As confirmed by Mr. Chau, the dissolution of the companies mentioned above by way of deregistration had not resulted in any liability or obligation against him.

**Mr. HSU Ching Loi (許清耐)**, aged 45, is an executive Director and chief executive officer of our Company. Mr. Hsu was a co-founder of our Group and is principally responsible for overall management of our Group's business operation and development, formulating production procedure, pricing strategy, sourcing of raw materials, and overseeing our Group's Human Resources Department. Mr. Hsu was appointed as a Director on 27 April 2017 and was re-designated as an executive Director and appointed as the chief executive officer of our Company on 2 June 2017. He is a member of the risk management committee of the Board. He is also a director of All In 1 Printing and Universe Printing.

Mr. Hsu has 30 years of experience in the printing industry in Hong Kong. He co-founded our Group in 2001 and was appointed as one of the initial directors of Former Universe Printing. Prior to joining our Group, Mr. Hsu worked in several private printing companies in Hong Kong from 1987 to 2001 prior to co-founding our Group with Mr. Chau. Mr. Hsu was appointed as a director of Former Universe Printing in 2003. Mr. Hsu is currently the Vice Chairman of The Hong Kong Printers Investment Association (香港印刷業投資協會). Mr. Hsu attended secondary education in the PRC.

**Mr. WONG Man Hin Joe (黃文軒)**, aged 48, is an executive Director and is principally responsible for overall management of our Group's business and overseeing daily operation, in particular overseeing the inkjet printing operation. Mr. Wong was appointed as a Director on 27 April 2017 and was re-designated as our executive Director on 2 June 2017. He is also a director of Startec Colour Separation Printing.

Mr. Wong has over 25 years of experience in the printing industry in Hong Kong. He joined our Group in March 2002 and was appointed as a director of Former Startec in March 2006. Prior to joining our Group, Mr. Wong had worked with Mr. Chau's business providing printing services in Hong Kong from 1991 to 2002 as a printing technician. Mr. Wong attended secondary school education in Hong Kong.

Mr. Wong was a director of Samfine Printing Products Limited (星輝紙品印刷有限公司), a company incorporated in Hong Kong and subsequently dissolved by deregistration on 19 December 2014 pursuant to section 751(3) of the Companies Ordinance which provides that a defunct and solvent

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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company may be dissolved by way of deregistration. Mr. Wong confirmed that the said company had once engaged in printing business before its deregistration, and the deregistration was voluntary by way of submitting an application to the Companies Registry because the company had ceased to carry on business or operation for more than 3 months immediately before the relevant application. As further confirmed by Mr. Wong, the dissolution of such company by way of deregistration had not resulted in any liability or obligations against him.

**Mr. LEUNG Yuet Cheong (梁悅昌)**, aged 55, is an executive Director. He is principally responsible for overall management of our Group's business and overseeing daily operation, in particular sales and marketing of our Group. Mr. Leung was appointed as a Director on 27 April 2017 and was re-designated as our executive Director on 2 June 2017. He is also a director of Print Shop Limited.

Mr. Leung has over 18 years of experience in the printing industry in Hong Kong. He joined our Group in April 2005 and was appointed as a director of Print Shop Limited in September 2005. Mr. Leung also had 20 years of marketing experience prior to joining our Group. Mr. Leung attended secondary education in Hong Kong.

Mr. Leung was a director of Cyberweb Limited, a company incorporated in Hong Kong and was dissolved on 28 November 2003 by deregistration pursuant to section 291AA of the Predecessor Companies Ordinance, which provides that a defunct and solvent company may be dissolved by way of deregistration. Mr. Leung confirmed that the deregistration of Cyberweb Limited was voluntary by way of submitting an application to the Companies Registry because this company has never commenced business. As confirmed by Mr. Leung, the dissolution of this company by way of deregistration had not resulted in any liability or obligation against him.

Mr. Leung was a director of Wonderful Star Development Limited (暢爾發展有限公司), a company incorporated in Hong Kong and subsequently dissolved by striking off pursuant to section 291 of the Predecessor Companies Ordinance, which provides that where the Registrar of Companies has reasonable cause to believe that a company is not carrying on business or in operation, the Registrar of Companies may strike the name of such company off the register of companies after the expiration of a specified period. Mr. Leung confirmed that the said company was solvent and had not carried out any business at the time of it being struck off and that its dissolution had not resulted in any liability or obligation against him.

### Independent non-executive Directors

**Mr. Wan Aaron Chi Keung, BBS, JP (尹志強)**, aged 68, was appointed as an independent non-executive Director on 26 February 2018 and the chairman of the remuneration committee and a member of the audit committee, nomination committee and risk management committee of the Board. Mr. Wan obtained a degree of master of Business Administration from The Chinese University of Hong Kong in 2008 and a degree of master of Buddhist studies from The University of Hong Kong in 2010. Mr. Wan was appointed as a Justice of the Peace (JP) in 1997 and was awarded the Bronze Bauhinia Star (BBS) in the Hong Kong Special Administrative Region 2004 Honours List. Mr. Wan is engaged in the business of property and chattel valuation and auction. Mr. Wan is a fellow of The Royal Institution of Chartered Surveyors, an associate of The Institution of Business Agents, a member of

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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The Land Institute (London), an associate of The Chartered Institute of Arbitrators and a fellow of The Institute of Administrative Accounting. Mr. Wan is currently an independent non-executive director of Lee & Man Chemical Company Limited (stock code: 746) and CNC Holdings Limited (stock code: 8356), both listed on the Stock Exchange.

Mr. Wan was a director of the following companies which were incorporated in Hong Kong and were dissolved by deregistration pursuant to section 291AA of the Predecessor Companies Ordinance which provides that a defunct and solvent company may be dissolved by way of deregistration. Mr. Wan confirmed that the deregistration of each of the following companies was voluntary by way of submitting an application to the Companies Registry because these companies had either never commenced business or operation or ceased to carry on business or operation for more than 3 months immediately before the relevant application.

<b>Name of company</b>	<b>Nature of business before deregistration</b>	<b>Reason for deregistration</b>	<b>Date of dissolution</b>
Art Associated Auctioneers Limited (雅協藝術品拍賣有限公司)	Not applicable	Cessation of business	23 February 2001
ASA Group (China) Limited (協聯集團(中國)有限公司)	Property consultancy	Cessation of business	5 December 2008
Associated Appraisers & Auctioneers Limited (綜合估值及拍賣行有限公司)	Not applicable	Never commenced business	15 November 2002
Associated Credit Management International Limited (協聯商業顧問國際有限公司)	Property investment	Cessation of business	11 February 2011
Associated Multi Media Limited (協聯綜合傳媒有限公司)	Multi-media	Cessation of business	10 January 2003
Associated eBid-Pro Company Limited (協聯網上拍賣有限公司)	e-bidding	Cessation of business	29 November 2002
Associated Property Management Limited (協聯物業管理有限公司)	Property management	Cessation of business	11 April 2003
China Land Retail Management Consultancy Limited (新港零售管理顧問有限公司)	Consultancy	Cessation of business	13 September 2002

As confirmed by Mr. Wan, the dissolution of the companies mentioned above by way of deregistration had not resulted in any liability or obligation against him.

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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**Mr. Chan Chun Kit (陳俊傑)**, aged 35, was appointed as an independent non-executive Director on 26 February 2018, and the chairman of the audit committee and a member of the remuneration committee, the nomination committee and the risk management committee of our Board. Mr. Chan has been the chief financial officer and company secretary at China Flexible Packaging Holdings Limited (“**China Flexible**”), a company listed on the Mainboard of the Singapore Stock Exchange (Stock Code: CFLX) since 2011. Mr. Chan is also the financial consultant of Hong Kong Carbon Assets Management Limited since December 2012. Prior to joining China Flexible, Mr. Chan worked in an international audit firm from September 2007 to May 2011. Mr. Chan is a member of the Hong Kong Institute of Certified Public Accountants since May 2011. He is also a Member of the Hong Kong Institute of Chartered Secretaries since March 2015 and the Institute of Chartered Secretaries and Administrators since March 2015. Mr. Chan graduated from the Hong Kong Polytechnic University with a Master’s Degree in Corporate Governance in October 2014 and a Bachelor Degree in Accountancy in December 2007. Mr. Chan is currently an independent non-executive director of Hua Han Health Industry Holdings Limited, which is listed on the Stock Exchange (Stock Code: 587).

**Dr. Sun Yongjing (孫咏菁)**, aged 46, was appointed as an independent non-executive Director on 26 February 2018, she is responsible for providing independent judgment to the Group. She is the chairlady of the nomination committee and a member of the audit committee, the remuneration committee and the risk management committee of the Board. She has been an assistant professor in accounting and finance in the Faculty of Business of The Hong Kong Polytechnic University since 2004, after she completed her Doctor of Philosophy at the City University of Hong Kong in November 2005. She obtained a Bachelor’s Degree in Economics at the Shanghai University of Finance & Economics in 1993. Dr. Sun worked as an assistant lecturer at the Shanghai University of Finance & Economics during the period from September 1993 to August 1997. During the period from September 1997 to August 1999 and July 2002 to October 2004, Dr. Sun served various positions at the City University of Hong Kong, including demonstrator II, senior research assistant and lecturer.

Dr. Sun was a director of Noblesse International Center of Education Limited (尊尚國際教育中心有限公司), a company incorporated in Hong Kong and subsequently dissolved by deregistration on 28 October 2011 pursuant to section 291AA of the Predecessor Companies Ordinance which provides that a defunct and solvent company may be dissolved by way of deregistration. Dr. Sun confirmed that the said company had once engaged in education business before its deregistration, and the deregistration was voluntary by way of submitting an application to the Companies Registry because the company had ceased to carry on business or operation for more than 3 months immediately before the relevant application. As further confirmed by Dr. Sun, the dissolution of such company by way of deregistration had not resulted in any liability or obligations against her.

### Disclosure required under Rule 17.50(2) of the GEM Listing Rules

Save as disclosed above, each of the Directors confirm that he/she (i) did not hold other positions in the Company or other members of the Group as at the Latest Practicable Date; (ii) had no other relationship with any Directors, senior management or substantial shareholder or controlling shareholder of the Company as at the Latest Practicable Date; and (iii) did not hold any other directorships in listed public companies in the three years prior to the Latest Practicable Date.

As at the Latest Practicable Date, save for Mr. Chau, Mr. Hsu, Mr. Wong and Mr. Leung’s interests in the Shares which are disclosed in the subsection of “Statutory and General Information — C. Further information about Directors, substantial shareholders and Experts — 1. Disclosure of interests — (a) Interests of Directors and chief executives in shares, underlying shares and debentures of our Company and its associated corporations” in Appendix IV to this prospectus, each of our Directors did not have any interest in our shares, underlying shares or debentures of our Company or any of its associated corporation within the meaning of Part XV of the SFO.

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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Save as disclosed herein, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, there are no other matters relating to the appointment of Directors that need to be brought to the attention of our Shareholders, nor is there any information relating to our Directors that is required to be disclosed pursuant to Rule 17.50(2) of the GEM Listing Rules as at the Latest Practicable Date.

### SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The table below shows certain information in respect of the senior management of our Company.

Name	Age	Date of joining our Group	Position	Roles and Responsibilities	Relationship with other Directors and senior management
Mr. Wang Hsiung Yu (王雄育)	44	September 2006	Production Manager	Responsible for overseeing and supervising workers in printing and further processing stage in production and to act as a technical consultant of our Group	Nil
Ms. Lau Chau King (劉秋琮)	47	April 2003	Sales & Marketing Manager	Responsible for supervising the sales team	Nil
Mr. Lam Tsz Ping (林子平)	32	June 2004	Information Technology and Pre-Press Manager	Responsible for the Group's information system management, colour management and supervising printing production procedure	Nil
Mr. Yu Chim Shun (于霽遜)	31	March 2017	Financial Controller	Responsible for financial reporting, financial control matters, assisting in company secretarial matters of our Group	Nil

**Mr. WANG Hsiung Yu (王雄育)**, aged 44, joined our Group as a technician in September 2006 and has been the Production Manager of our Group since 2009. Mr. Wang is primarily responsible for overseeing and supervising workers in printing and further processing stage in production and a technical consultant of our Group. Mr. Wang has over 20 years' experience in the printing industry.

**Ms. LAU Chau King (劉秋琮)**, aged 47, joined our Group as Customer Service Officer in April 2003 and has been the Sales & Marketing Manager of our Group since 2006. Ms. Lau is primarily responsible for supervising the sales team.

Ms. Lau has over 20 years' experience in printing industry. Prior to joining the Group, Ms. Lau worked in several printing companies in Hong Kong.

**Mr. LAM Tsz Ping (林子平)**, aged 32, joined our Group as technician in June 2004 and has been the information technology and pre-press manager of our Group since 2010. Mr. Lam is primarily responsible for the Group's information system management, colour management and supervising printing production procedure.

Mr. Lam has over 13 years' experience in printing industry. He has also satisfactorily completed a full-time One Year Basic Craft course in the Digital Print Media Publishing Techniques on 8 July 2004 by Vocational Training Council (VTC).



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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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**Mr. Yu Chim Shun** (于霑遜), aged 31, is the financial controller of our Group since March 2017. He is primarily responsible for financial reporting, financial control matters, and assisting in corporate secretarial matters of our Group. Mr. Yu has more than six years of experience in accounting and auditing fields in Hong Kong since June 2010. Prior to joining our Group, he worked in a managerial grade position in the assurance department of an international accounting firm.

Mr. Yu obtained a Bachelor's Degree in Commerce (major in accounting) from Macquarie University, Australia, in September 2009. He is a member of CPA Australia (Certified Practising Accountants) since December 2013.

Save as disclosed herein, to the best of the knowledge, information and belief of our Directors, having made all reasonable enquiries, none of the above members of senior management has been a director of any public companies the securities of which are listed on any securities exchange in Hong Kong or overseas in the last three years immediately preceding the date of this prospectus.

### COMPANY SECRETARY

**Mr. Chan Sun Kwong** (陳晨光), aged 51, was appointed as our company secretary on 2 June 2017. He is responsible for corporate secretarial matters of our Group. Mr. Chan obtained his diploma of business administration from the Hong Kong Shue Yan College (now known as Hong Kong Shue Yan University) in July 1990. He is a fellow of the Hong Kong Institute of Chartered Secretaries, the Institute of Chartered Secretaries and Administrators in the United Kingdom, The Institute of Chartered Accountants in England and Wales and the Hong Kong Society of Accountants (currently known as the Hong Kong Institute of Certified Public Accountants). Mr. Chan is also a mediator of both Hong Kong Mediation Accreditation Association Limited and the Hong Kong Mediation Centre.

Mr. Chan has over 20 years of experience in the accounting, auditing and company secretarial fields in Hong Kong. For the period from January 1992 to March 1998, Mr. Chan served as financial controller (last position) in UDL Management Limited. He served as company secretary of UDL Holdings Limited (currently known as DTXS Silk Road Investment Holdings Company Limited) (stock code: 620) from January 1992 to September 1997 and as company secretary of KEL Holdings Limited (now known as Chinese People Holdings Company Limited) (stock code: 681) from March 1997 to September 1997. He has been the sole proprietor of Ken Chan & Co., Certified Public Accountants, since July 1998. He was the company secretary of Ming Hing Holdings Limited (currently known as Peace Map Holding Limited) (stock code: 402) from November 2005 to October 2006, an independent non-executive director of Anex International Holdings Limited (currently known as Sustainable Forest Holdings Limited) (stock code: 723) from February 2006 to January 2008 and the company secretary of Powerwell Pacific Holdings Limited (currently known as China Trustful Group Limited) (stock code: 8265) from December 2010 to September 2014. He had been the company secretary and an executive director of Sam Woo Holdings Limited (currently known as Noble Century Investment Holdings Limited) (stock code: 2322) from March 2003 to June 2011, an independent non-executive director of Creative Energy Solutions Holdings Limited (currently known as Kirin Group Holdings Limited) (stock code: 8109) from July 2010 to November 2010, Megalogic Technology Holdings Limited (stock code: 8242) from December 2011 to April 2015 and Pak Tak International Limited (stock code: 2668) from December 2014 to August 2016.



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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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In addition, Mr. Chan currently holds the following positions in the companies listed on the Stock Exchange:

Name of company	Stock Code	Position currently held by Mr. Chan	Period of Services
Altus Holdings Limited	8149	Independent non-executive director	From September 2016 till present
Sam Woo Construction Group Limited	3822	Company secretary	From January 2013 till present
KPa-BM Holdings Limited	2663	Company secretary	From June 2015 till present
M&L Holdings Group Limited	8152	Joint Company Secretary	From June 2017 till present

### COMPLIANCE OFFICER

Mr. Chau is the compliance officer of our Company. His biography is set out in the paragraph under “Executive Directors” above.

### BOARD COMMITTEES

#### Audit Committee

We have established an audit committee with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and paragraph C.3.3 and C.3.7 of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules (“**Corporate Governance Code**”). The audit committee consists of three independent non-executive Directors, namely, Mr. Chan Chun Kit, Dr. Sun Yongjing and Mr. Wan Aaron Chi Keung, *BBS, JP*. Mr. Chan Chun Kit, who holds the appropriate professional qualifications as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules, serves as the chairman of the audit committee. The primary duties of the audit committee are to assist our Board in providing an independent view of the effectiveness of our Group’s financial reporting process, internal control and risk management systems, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board.

#### Remuneration Committee

We have established a remuneration committee with written terms of reference in compliance with paragraph B.1.2 of the Corporate Governance Code. The remuneration committee consists of three independent non-executive Directors, namely, Mr. Wan Aaron Chi Keung, *BBS, JP*, Mr. Chan Chun Kit and Dr. Sun Yongjing, and one executive Director, namely, Mr. Chau. Mr. Wan Aaron Chi Keung, *BBS, JP* serves as the chairman of the remuneration committee. The primary duties of the remuneration committee include but without limitation, the following: (i) making recommendations to

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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

### **Nomination Committee**

We have established a nomination committee with written terms of reference in compliance with paragraph A.5.2 of the Corporate Governance Code.

The nomination committee consists of three independent non-executive Directors, namely, Mr. Wan Aaron Chi Keung, *BBS, JP*, Mr. Chan Chun Kit and Dr. Sun Yongjing, and one executive Director, namely, Mr. Chau. Dr. Sun Yongjing serves as the chairlady of the nomination committee. The primary function of the nomination committee include, without limitation, reviewing the structure, size and composition of the Board, assessing the independence of independent non-executive Directors and making recommendations to the Board on matters relating to the appointment of Directors.

### **Risk management committee**

We have established a risk management committee and has adopted written terms of reference for the risk management committee in accordance with provision D.2 of the Corporate Governance Code. The risk management committee consists of three independent non-executive Directors, namely, Mr. Chan Chun Kit, Dr. Sun Yongjing and Mr. Wan Aaron Chi Keung, *BBS, JP*, and two executive Directors, namely, Mr. Hsu and Mr. Chau. Mr. Chau serves as the chairman of the risk management committee. The primary duties of the risk management committee are to (i) advise the Board on risk-related issues; (ii) oversee the risk management framework to identify and deal with the risks faced by the Group such as business, financial, legal and regulatory risks; (iii) review reports on risks and breaches of risk policies; and (iv) review the effectiveness of the Company's risk control and/or mitigation plans.

### **Corporate governance functions**

Our Board, as a whole, will perform the corporate governance functions in accordance with provision D.3 of the Corporate Governance Code and has adopted written terms of reference in accordance with provision D.2 of the Corporate Governance Code which provide for, among others, (i) developing and reviewing our Group's policies and practices on corporate governance; (ii) reviewing and monitoring the training and continuous professional development of our Directors and senior management; (iii) reviewing and monitoring our Group's policies and practices on compliance with legal and regulatory requirements; (iv) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and our Directors; and (v) reviewing our Company's compliance with the Corporate Governance Code and disclosure in the corporate governance reports of our Company.

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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### COMPLIANCE ADVISER

Our Company has appointed Ballas Capital Limited as our compliance adviser (the “**Compliance Adviser**”) pursuant to Rule 6A.19 of the GEM Listing Rules. The Compliance Adviser will provide us with guidance and advice as to compliance with the requirements under the GEM Listing Rules and applicable Hong Kong laws. Pursuant to Rule 6A.23 of the GEM Listing Rules, the Compliance Adviser will advise our Company, among others, in the following circumstances:

- (a) before the publication of any regulatory announcement, circular or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- (c) where our Company proposes to use the proceeds of the Share Offer in a manner different from that detailed in this prospectus or where our Group’s business activities, developments or results of operation deviate from any forecast, estimate or other information in this prospectus; and
- (d) where the Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of our Shares or any other matters in accordance with Rule 17.11 of the GEM Listing Rules.

The term of the appointment of the Compliance Adviser will commence on the Listing Date and is expected to end on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year commencing after the Listing Date.

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

As of the Latest Practicable Date and to the best of the knowledge, information and belief of our Directors, having made all reasonable enquiries, our Directors do not expect there will be any deviation from the provisions of the Corporate Governance Code.

### REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

#### Remuneration of our Directors and senior management

Our Directors and senior management receive compensation in the form of salaries, benefits in kind and/or discretionary bonuses relating to the performance of the Group. The Group also reimburse them for expenses which are necessarily and reasonably incurred for providing services to the Group or executing their functions in relation to the Group’s operations. The Group regularly reviews and determines the remuneration and compensation packages of the Directors and senior management by reference to, among other things, market level of remuneration and compensation paid by comparable companies, respective responsibilities of the Directors and performance of the Group.

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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After the Listing, the remuneration committee will review and determine the remuneration and compensation packages of our Directors and senior management with reference to their experience, responsibilities, workload, time devoted to the Group and performance of the Group. Our Directors may also be offered options under the Share Option Scheme.

The aggregate amounts of remuneration (including salaries, benefits in kind and other allowances and social benefits) paid by the Group to our Directors for each of the two financial years ended 31 March 2016 and 2017 were approximately HK\$3,576,000 and HK\$3,730,000, respectively.

In respect of the two financial years ended 31 March 2016 and 2017, no remuneration was paid by the Group to, or receivable by, our Directors or senior management or the five highest paid individuals as an inducement to join or upon joining the Group or as a compensation for loss of office in connection with the management of the affairs of any subsidiary of our Group. Further, none of the Directors or senior management had waived any remuneration during the same period. Save as disclosed in this subsection headed “Remuneration of Directors and senior management”, no other payments have been paid, or are payable, by our Company or any of the subsidiaries to our Directors, senior management and the five highest paid individuals during the two financial years ended 31 March 2016 and 2017.

Under the arrangements currently in force and pursuant to our Directors’ service agreements and letters of appointment of our Directors, the aggregate remuneration (including commission and discretionary bonuses) payable to our Directors for the financial year ending 31 March 2018 is estimated to be approximately HK\$2,597,000. For further details of the Director’s service agreements and letters of appointment of our Directors, please see the subsection of “Statutory and General Information — C. Further information about Directors, substantial Shareholders and experts — 2. Particulars of Directors’ service agreements” in Appendix IV to this prospectus.

For each of the two financial years ended 31 March 2016 and 2017, the aggregate remuneration (including salaries, allowances and benefits in kind contribution to defined contribution benefit plans and discretionary bonuses) paid to the five highest paid individuals (which include all our four executive Directors but their aggregate remuneration is excluded from the figures below) were in aggregate approximately HK\$520,000 and HK\$595,017 respectively.

Details of our Directors’ remuneration and the five highest paid individuals of our Group are set out in notes 8 and 9 to the Accountants’ Report as set out in Appendix I to this prospectus.

### Share Option Scheme

The Share Option Scheme was conditionally adopted pursuant to the written resolutions of the Existing Shareholders passed on 26 February 2018. The rules of the Share Option Scheme are in compliance with Chapter 23 of the GEM Listing Rules and other relevant rules and regulations. Please see “Statutory and General Information — D. Share Option Scheme” in Appendix IV to this prospectus for details.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER

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### OUR CONTROLLING SHAREHOLDER

Immediately following the completion of the Share Offer and the Capitalisation Issue, Mr. Chau will hold approximately 31.16% of our Company's entire issued share capital (without taking into account the Shares which may be allotted and issued pursuant to the exercise of any options that may be granted under the Share Option Scheme). As Mr. Chau will be entitled to exercise or control the exercise of 30% or more of the voting power at general meetings of our Company and will continue to be so immediately following the completion of the Share Offer and the Capitalisation Issue, Mr. Chau is regarded as our Controlling Shareholder under the GEM Listing Rules. For details regarding the shareholding interest of our Controlling Shareholder, please see "Substantial Shareholders" in this prospectus.

Our Controlling Shareholder, Mr. Chau, is an executive Director and chairman of our Board and also a director of other members of our Group and companies in the Former Group. Details of Mr. Chau's positions held in our Group are set out in "Directors, Senior Management and Employees" in this prospectus. Our Controlling Shareholder has confirmed that he and his close associates are not interested in any business which competes or is likely to compete, directly or indirectly with the business of the Group. Mr. Chau is also a majority shareholder of each of the Former Group Companies, which have become pure property holding or investment holding companies after completion of the Business Transfers, with details set out in "History, Reorganisation and Corporate Structure" in this prospectus. Each of our Directors has also confirmed that he/she does not have any interest in any business which is or is likely to be in competition with the business of our Group.

### INDEPENDENCE FROM CONTROLLING SHAREHOLDER

Our Directors consider that our Group is capable of carrying on its business independently from our Controlling Shareholder and his associates after Listing for the following reasons:

#### Management independence

The management and operational decisions are made by our Board and our senior management team. The Board comprises four executive Directors and three independent non-executive Directors. Despite that Mr. Chau, our Controlling Shareholder, is an executive Director and chairman of our Board and a director of other members of our Group and companies in the Former Group, we consider that our Board and our senior management team will function independently from our Controlling Shareholder for the following reasons:

- (a) each Director is aware of his/her fiduciary duties as a Director which require, amongst others, that he or she acts for the benefit and in the best interests of our Shareholders as a whole and does not allow any conflict between his/her duties as a Director and his/her personal interest to affect the performance of his/her duties as a Director;

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER

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- (b) in the event that any Director or any of his/her close associates has a material interest in any transaction or arrangement or there is an actual or potential conflict of interest arising out of any proposed transaction or arrangement to be entered into between our Group and any of our Directors or their respective associates, or due to the dual positions of our Director(s) acting as director of the Company and another company involved in the proposed transaction or arrangement, pursuant to the relevant provisions of the Articles, our Director(s) shall fully disclose such matters to the Board and abstain from voting on the relevant resolution(s) in respect of such transactions and shall not be counted in the quorum for any Board meeting approving such transactions. Our Group has also adopted certain corporate governance measures for conflict situation, details of which are set out in the subsection headed “Corporate governance measures” in this section;
- (c) all our senior management members are independent from our Controlling Shareholder. They have substantial experience in the industry the Group engaged in and have served the Group for a period of time during which they have demonstrated their capability of discharging their duties independently from our Controlling Shareholder. Please see “Directors, Senior Management and Employees” in this prospectus for details of our senior management;
- (d) the independent non-executive Directors will also bring independent judgment to the decision-making process of our Board; and

Based on the reasons mentioned above, the Directors are of the view that our Board as a whole, together with the senior management, are capable of managing the business independent of the Controlling Shareholder and his close associates.

### **Operational independence**

The Group has established its own independent organisational structure comprised of separate individual departments, each with specific areas of responsibilities. Our Group has its own independent management team and staff to handle the day-to-day operations, including operational management and execution, finance and accounting, administration and human resources functions. During the Track Record Period, our Group was operationally and administratively independent of the Controlling Shareholder and his associates as our Group has its own operational and administrative personnel and do not share any operational resources with our Controlling Shareholder and/or his close associates.

During the Track Record Period, our Group had rented certain properties in Hong Kong from two companies which are associates of our Controlling Shareholder and another of our Directors. One of those renting arrangements will continue upon Listing, as detailed in “Connected Transactions” in this prospectus. Given that our Directors have confirmed that the terms of such transaction that will continue upon Listing have been arrived at on arm’s length basis between our Group and the connected person concerned and the rents payable by our Group under such renting of properties are comparable to market rent our Directors consider that the continuing connected transaction between our Group and the relevant associate of our Controlling Shareholder and another of our Directors do not affect our operational independence from our Controlling Shareholder. In the event our Group enters into any

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER

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other connected transactions or continuing connected transactions after Listing, such transactions will only be entered into and conducted on normal commercial terms or better terms to our Group and on terms which are fair and reasonable and in the interests of our Company and our Shareholders as a whole and our Group will then also comply with all the applicable requirements under the GEM Listing Rules in relation to connected transactions and/or (as the case may be) continuing connected transactions.

Based on the above reasons, our Board believes that our Group is capable of operating independently from our Controlling Shareholder and his associates and will continue to do so after the Listing.

### Financial independence

Our Group has an independent financial system and makes financial decisions according to its own business needs. We have established our own internal control and accounting systems and accounting and finance department to perform independent treasury function for cash receipts and payments, independent accounting and reporting functions and independent internal control functions.

As at the Latest Practicable Date, we did not have any outstanding loans or borrowings from our Controlling Shareholder or any of his associates. We expect that our Group will have independent access to third party financing without relying on our Controlling Shareholder for financing or for providing guarantee or security for financing after the Listing. Therefore, our Directors consider that our Group is capable of operating independently from our Controlling Shareholder from the financial perspective.

### NON-COMPETITION UNDERTAKING

In order to avoid any future competition between our Group and our Controlling Shareholder, our Controlling Shareholder as the covenantor (“**Covenantor**”) has executed the Deed of Non-Competition with our Company (for ourselves and as trustee for our subsidiaries) on 26 February 2018. Pursuant to the Deed of Non-Competition, the Covenantor has irrevocably and unconditionally undertaken and covenanted with our Company (for ourselves and as trustee for our subsidiaries) that, subject to the exceptions below, during the period that the Deed of Non-Competition remains effective, he shall not, and shall procure that his close associates and entities or companies controlled by him (other than any members of our Group) or his close associates will not, during the term of the Deed of Non-Competition, directly or indirectly, either on their own account or in conjunction with or on behalf of or for any other person, firm or company or as a principal, shareholder, partner, agent, consultant, employees or otherwise, whether for profit or not, (i) carry on, participate in, invest, be interested, involved or engaged in or acquire or hold any right or interest (in each case whether as a shareholder, partner, agent, consultant, employee or otherwise) directly or indirectly in any business which is or is likely to be in competition with the business currently and from time to time engaged by our Group (“**Restricted Business**”) in Hong Kong and any other country or jurisdiction to which any member of our Group provides such services and/or in which any member of the Group carries on its business currently and from time to time (“**Territory**”) unless and until none of the members



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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER

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of our Group is carrying on or engaged in such business; (ii) solicit, interfere with or endeavour to entice away from any member of our Group any person, firm, company or organisation who to his knowledge is now or has been a customer or supplier or is in the process of negotiating with our Group in relation to the Restricted Business; (iii) employ any employee of any member of our Group, including a director, manager, employee, distributor of or consultant to any member of our Group, in the past twelve months before such proposed engagement or employment, and who is or may be likely to be in possession of any confidential information or trade secrets relating to the business of our Group; and (iv) without the consent of our Company, make use of any information pertaining to the business of our Group which have or may have come to his knowledge in his capacity as our Controlling Shareholder and/or Director for the purpose of his engaging, investing or participating in any Restricted Business in the Territory.

The Covenantor further undertakes that if he or his close associates or entities or companies controlled by them (other than members of our Group) is offered or becomes aware of any business opportunity which may be a Restricted Business (“**Relevant Business Opportunity**”), he shall (and he shall procure his close associates to) notify our Company in writing to provide all relevant information in respect of such Relevant Business Opportunity and to enable the Board to assess such Relevant Business Opportunity, and our Company shall have a right of first refusal to take up such Relevant Business Opportunity via any member of our Group (“**Right of First Refusal**”). Our Company shall, within two months after receipt of the written notice (or such longer period if our Company is required to complete any approval procedures as required under the GEM Listing Rules from time to time), notify the Covenantor whether the Company will exercise the Right of First Refusal or not. In case the Company exercises the Right of First Refusal, the Covenantor shall assist our Group in obtaining such Relevant Business Opportunity in the terms being offered to the Covenantor or better terms acceptable to our Group.

Our Company shall only exercise the Right of First Refusal upon the approval of all our independent non-executive Directors (who do not have any interest in such Relevant Business Opportunity), and where required under the GEM Listing Rules, our independent Shareholders. The Covenantor, so long as he is a Director, and any other conflicting Directors (if any) shall abstain from voting at and shall not be counted as quorum at all meetings of our Board where there is a conflict of interest or potential conflict of interest (including but not limited to the relevant meeting of the independent non-executive Directors for considering whether or not to exercise the Right of First Refusal).

Notwithstanding the undertakings as stated above, nothing shall restrict the Covenantor and his close associates from:

- (i) investing, participating or being engaged in or carrying out any Restricted Business or any project or business opportunity, regardless of value, which has been offered or made available to our Group, provided always that information about the principal terms thereof have been disclosed to our Company and our Directors, and our Company shall have, after review (taking into account whether the entering into of such project or business opportunity will be in the best interest of our Group) and approval by our Directors



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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER

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(including our independent non-executive Directors without the attendance by any Director with beneficial interest in such project or business opportunities at the meeting, in which resolutions have been duly passed by the majority of our independent non-executive Directors), confirmed its rejection in writing to be involved or engaged, or to participate or carry out, in the relevant Restricted Business and provided also that the principal terms on which that relevant close associate of the Covenantor invests, participates or engages or carries out, in the Restricted Business are substantially the same as or not more favourable than those disclosed to the Company. Subject to the above, if the relevant close associate of the Covenantor decides to be involved, engaged, participate in or carry out the relevant Restricted Business, whether directly or indirectly, the terms of such involvement, engagement, participation or carrying out must be disclosed to our Company and our Directors as soon as practicable; and

- (ii) acquiring or holding or controlling the exercise of equity securities carrying voting rights of less than 5% of the total issued share capital of a publicly listed company where a principal business of such company or its subsidiary is the Restricted Business and provided that neither the Covenantor nor his close associates participates in the management of such company.

The Deed of Non-Competition is conditional upon the conditions stated in “Structure and Conditions of the Share Offer - Conditions of the Share Offer” in this prospectus being fulfilled (or waived, where appropriate). If any of such conditions is not fulfilled (or waived, where appropriate) on or before the date falling 30 days after the date of this prospectus, the Deed of Non-Competition shall become null and void and cease to have any effect whatsoever and no party shall have any claim against the other under the Deed of Non-Competition.

The obligations of the Covenantor under the Deed of Non-Competition shall terminate when (i) the Covenantor, whether individually or taken together with his close associates, ceases to be interested in 30% (or such other amount as may from time to time be specified in the GEM Listing Rules as being the threshold for determining a controlling shareholder of a company) or more of the issued share capital of our Company; or (ii) our Shares cease to be listed and traded on the Stock Exchange (except for temporary trading halt or suspension of trading of the Shares on the Stock Exchange due to any reason).

## CORPORATE GOVERNANCE MEASURES

Our Controlling Shareholder has confirmed that he fully comprehends his obligations to act in the best interests of the Company and our Shareholders as a whole. To avoid potential conflicts of interest and to safeguard the interests of our Shareholders, our Company will implement the following measures:

- (a) in the event that any Director or any of his/her close associates has a material interest in any transaction or arrangement or there is an actual or potential conflict of interest arising out of any proposed transaction or arrangement to be entered into between the Group and

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER

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any of our Directors or their respective close associates, or due to the dual positions of our Director(s) acting as director of the Company and another company involved in the proposed transaction or arrangement, pursuant to the relevant provisions of the Articles, our Director(s) shall fully disclose such matters to our Board and abstain from voting on the relevant resolution(s) in respect of such transactions and shall not be counted in the quorum for any Board meeting approving such transactions;

- (b) we have appointed three independent non-executive Directors to our Board to ensure there is sufficient independent element on our Board which can effectively exercise independent judgment in the decision-making process. our Directors believe that the independent non-executive Directors are of sufficient calibre, are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide impartial and professional advice to protect the interests of the minority Shareholders. Please see “Director, Senior Management and Employees” in this prospectus for further details of our independent non-executive Directors;
- (c) our independent non-executive Directors will, based on the information available to them, review on an annual basis (i) the compliance with the Deed of Non-Competition; and (ii) all the decisions taken in relation to whether to pursue the new opportunity under the Deed of Non-Competition;
- (d) our Controlling Shareholder has undertaken to provide all information and reasonable access to records requested by us and our auditors which are necessary for the annual review by our independent non-executive Directors and the enforcement of the Deed of Non-Competition;
- (e) our Controlling Shareholder has undertaken to make an annual confirmation as to compliance with his undertaking under the Deed of Non-Competition for inclusion in the annual report of the Company; and
- (f) the Company has appointed Ballas Capital Limited as our compliance adviser, which will provide advice and guidance to the Company in respect of compliance with the applicable laws and the GEM Listing Rules including various requirements relating to directors’ duties and internal controls. Please see “Directors, Senior Management and Employees — Compliance Adviser” in this prospectus for further details in relation to the appointment of compliance adviser.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between the Controlling Shareholder and his close associates and the Group and to safeguard the interests of the Shareholders.

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## CONNECTED TRANSACTIONS

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### FULLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

Below is a summary of continuing connected transactions entered into between our Group and a connected person of our Company which is expected to continue after the Listing and will constitute fully-exempt continuing connected transactions under Chapter 20 of the GEM Listing Rules.

#### The Tenancy Agreement

On 8 June 2017, Universe Printing entered into a tenancy agreement with Former Universe Printing whereby Universe Printing rented from Former Universe Printing the premises situated at Basement A4, Units A, M, N, Q and R on the 8th Floor and Unit A on the 9th Floor, Block 4, Kwun Tong Industrial Centre, 436-446 Kwun Tong Road, Kowloon, Hong Kong (the “**Subject Property**”) for a term of three years from 1 April 2017 to 31 March 2020, at a monthly rent of HK\$240,000 per month (exclusive of government rates and rents, management fees and utilities charges which shall be borne by Universe Printing) (“**Tenancy Agreement**”).

The Subject Property has a total saleable area of approximately 14,415 sq. ft. We use the Subject Property as our production site and godown.

Pursuant to the Tenancy Agreement, Universe Printing (but not Former Universe Printing) shall have a unilateral right to terminate the Tenancy Agreement by giving not less than two month’s prior written notice to Former Universe Printing prior to the expiry of its term.

The annual rental amount payable by Universe Printing to Former Universe Printing under Tenancy Agreement is HK\$2,880,000 (exclusive of government rates and rents, management fees and utilities charges).

#### Historical figures and annual caps

Set out below are the historical amounts paid by our Group to Former Universe Printing for renting the Subject Property during FY2016 and FY2017 and the annual cap amounts payable by our Group to Former Universe Printing under the Tenancy Agreement for each of the three years ending 31 March 2020:

Historical amount for		Annual cap amount for each
FY2016	FY2017	of the three years ending 31 March 2020
HK\$2,259,000.0	HK\$2,886,000.0	HK\$2,880,000.0

The above annual cap amounts were estimated based on and equals to the annual rental payable by our Group to the landlord under the Tenancy Agreement, which were determined on arm’s length basis and based on prevailing rates and the permitted usages of the relevant units constituting the Subject Property.

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## CONNECTED TRANSACTIONS

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### **Relationship between our Group and Former Universe Printing**

As at the Latest Practicable Date, Former Universe Printing was ultimately beneficially owned as to 45.53% by Mr. Chau (with 44% held by Mr. Chau and 1.53% being his attributable interest through his 51% equity interest in Former Startec), 40% by Mr. Hsu, 10% by Mr. Leung beneficially (through his spouse Ms. Mok holding such interest as his nominee), 3% by Mr. Wang and the remaining 1.47% by Mr. Wong (being his attributable interest through his 49% equity interest in Former Startec). As Mr. Chau and Mr. Hsu are both connected persons of our Company and 30% or more of the voting shares of Former Universe Printing are held directly or, as the case may be, indirectly by each of Mr. Chau and Mr. Hsu, Former Universe Printing is an associate of Mr. Chau and Mr. Hsu and hence a connected person of our Company. Therefore, the transactions under the Tenancy Agreement constitute continuing connected transactions under Chapter 20 of the GEM Listing Rules following the Listing.

### **GEM Listing Rules implications**

Given that the highest applicable percentage ratio in relation to the annual cap amount was less than 5% and each annual cap amount is less than HK\$3,000,000, such transactions constitute de minimis continuing connected transactions and are fully exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

### **View of independent property valuer**

Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer, is of the view that the rent payable by our Group under the Tenancy Agreement is fair and reasonable and consistent with and comparable to market rent for similar premises in similar locations with the same permitted usages as those units constituting the Subject Property as at the date of the Tenancy Agreement and the terms of the Tenancy Agreement are comparable to market terms.

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## SUBSTANTIAL SHAREHOLDERS

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### SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the Share Offer (without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme) and the Capitalisation Issue, the following persons/entities will have interests or short positions in our Shares or underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be directly or indirectly interested in 10% or more of the issued voting shares of any other member of our Group:

Name	Capacity/ Nature of Interest	Shares held immediately prior to the completion of the Share Offer and the Capitalisation Issue		Shares held immediately following the completion of the Share Offer and the Capitalisation Issue	
		Number of Shares	Approximate percentage of shareholding interest of our Company	Number of Shares	Approximate percentage of shareholding interest in our Company
Mr. Chau	Beneficial Owner	5,539	41.54%	280,400,000(L)	31.16%
Mr. Chia	Beneficial Owner	2,267	17.00%	114,760,000(L)	12.75%
Mr. Hsu	Beneficial Owner	2,183	16.37%	110,500,000(L)	12.28%
Mr. Leung	Beneficial Owner	1,313	9.85%	66,460,000(L)	7.38%
Ms. Siu	Interest of spouse (Note 1)	5,539	41.54%	280,400,000(L)	31.16%
Ms. Mok	Interest of spouse (Note 2)	1,313	9.85%	66,460,000(L)	7.38%
Ms. Ng Lai Nga	Interest of spouse (Note 3)	2,183	16.37%	110,500,000(L)	12.28%
Ms. Wan Wai Ching Lilian	Interest of spouse (Note 4)	2,267	17.00%	114,760,000(L)	12.75%

Notes:

- Ms. Siu is the spouse of Mr. Chau. By virtue of the 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.
- Ms. Mok is the spouse of Mr. Leung. 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.
- Ms. Ng Lai Nga is the spouse of Mr. Hsu. 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.
- Ms. Wan Wai Ching Lilian is the spouse of Mr. Chia. 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.
- The Letter “L” denotes the person’s long position in the Shares.

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## **SUBSTANTIAL SHAREHOLDERS**

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Save as disclosed above, our Directors are not aware of any other persons who will, immediately following completion of the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme) and the Capitalisation Issue, have interests or short positions in the Shares or underlying Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be directly or indirectly, interested in 10% or more of the issued voting shares of any other members of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

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## SHARE CAPITAL

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### SHARE CAPITAL

Without taking into account any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased pursuant to the Issuing Mandate and Repurchase Mandate, the share capital of the Company immediately following the Capitalisation Issue and the Share Offer will be as follows:-

Authorised share capital	Total nominal value
Shares in issue or to be issued, fully paid or credited as fully paid:	
2,000,000,000 Shares of HK\$0.01 each	HK\$20,000,000.00
Issued or to be issued, fully paid or credited as fully paid:	
13,334 Shares in issue as at the date of this prospectus	HK\$ 133.34
674,986,666 Shares to be issued under the Capitalisation Issue	HK\$ 6,749,866.66
225,000,000 Shares to be issued under the Share Offer	HK\$ 2,250,000.00
<b>Total</b>	
900,000,000 Shares	HK\$ 9,000,000.00

### MINIMUM PUBLIC FLOAT

The minimum level of public float to be maintained by our Company at all times after Listing under the GEM Listing Rules is 25% of its share capital in issue from time to time.

### RANKING

The Offer Shares will rank *pari passu* in all respects with all our Shares now in issue or as mentioned in this prospectus, and, in particular, will qualify in full for all dividends or other distributions declared, made or paid on our Shares after the date of this prospectus, save for entitlements to the Capitalisation Issue.

### SHARE OPTION SCHEME

We have conditionally adopted the Share Option Scheme. Please see “Statutory and General Information — D. Share Option Scheme” in Appendix IV to this prospectus for details of the principal terms of the Share Option Scheme.

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## SHARE CAPITAL

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### GENERAL MANDATE TO ISSUE SHARES

The Directors have been granted a general unconditional mandate to exercise all powers of our Company to allot, issue and deal with, otherwise than by way of rights issue or an issue of Shares upon exercise of any subscription rights attached to any warrants or convertible securities or pursuant to the exercise of any options which might be granted under the Share Option Scheme or any other option scheme(s) or other similar arrangements or under the Share Offer or any scrip dividends in accordance with the Articles or a specific authority granted by our Shareholders, Shares or securities or options convertible into Shares and to make or grant offers and agreements which require or might require Shares to be allotted not exceeding the sum of:

- (a) 20% of the aggregate number of Shares in issue immediately following the completion of the Share Offer (excluding any Shares which may be issued upon exercise of any options which may be granted under the Share Option Scheme) and the Capitalisation Issue; and
- (b) the aggregate number of Shares repurchased by the Company (if any) pursuant to the general mandate to repurchase Shares referred to in the paragraphs headed “General Mandate to Repurchase Shares” in this section.

This general mandate to issue Shares will remain in effect until the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Memorandum and the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or
- (c) the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

Please refer to “Statutory and General Information — A. Further Information about our Company and our Subsidiaries — 5. Written resolutions of our Shareholders passed on 26 February 2018” in Appendix IV to this prospectus for further details of this general mandate.

### GENERAL MANDATE TO REPURCHASE SHARES

The Directors have been granted a general unconditional mandate to exercise all the powers of the Company to repurchase Shares of not more than 10% of the aggregate number of Shares in issue following the completion of the Share Offer (excluding any Shares which may be issued upon exercise of any options which may be granted under the Share Option Scheme) and the Capitalisation Issue. This mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the securities of the Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, and such repurchases are made in accordance with all applicable laws and the requirements of the GEM Listing Rules. A summary of the relevant GEM Listing Rules is set out in the subsection headed “Statutory and General Information — A. Further Information about our Company and our Subsidiaries — 6. Repurchase of our Shares” in Appendix IV to this prospectus.



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## SHARE CAPITAL

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The general mandate to repurchase Shares will remain in effect until the earliest of:

- (a) the conclusion of the next annual general meeting of our Company;
- (b) the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum and the Articles or the Companies Law or any other applicable law of the Cayman Islands to be held; or
- (c) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting.

For further details of this general mandate, please refer to the subsection headed “Statutory and General Information — A. Further Information about our Company and our Subsidiaries — 6. Repurchase of our Shares” in Appendix IV to this prospectus.

### **CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED**

As a matter of the Companies Law, an exempted company is not required by law to hold any general meetings or class meetings. The holding of general meeting or class meeting is prescribed for under the Articles of Association of a company. Accordingly, the Company will hold general meetings as prescribed for under the Articles, a summary of which is set out in the section headed “Summary of the Constitution of our Company and the Cayman Islands Company Law” set out in Appendix III to this prospectus.

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*The following discussion and analysis should be read in conjunction with our consolidated financial statements as at and for each of the two years ended 31 March 2016 and 2017 and the seven months ended 31 October 2017 together with the accompany notes, included in the Accountant's Report set out in Appendix I to this prospectus. Our consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, which may differ in material respects from the generally accounting principles in other jurisdictions.*

*The following discussion contained forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, whether actual outcome and developments will meet our expectations and predictions depend on a number of factors over which we have no control. You should review the section headed "Risk Factors" in this prospectus for a discussion of the important factors that could cause our actual results to differ materially from the results described in or implied by forward-looking statements.*

*Our financial year begins from 1 April and ends of 31 March. All references to "FY2016" and "FY2017" mean the financial years ended 31 March 2016 and 31 March 2017, respectively. All references to "7M of FY2017" and "7M of FY2018" mean the seven months ended 31 October 2016 and 2017, respectively.*

### OVERVIEW

We principally engage in providing printing services to our customers in Hong Kong. Our printing services comprise offset printing, ink-jet printing and toner-based digital printing. The offering of offset, ink-jet and toner-based digital printing services to our customers allows us to offer the optimal service (in terms of timing and cost) to our customers to meet their needs depending on the particular print order requirements and also enables us to print products with a wide range of quantities, qualities, resolutions, styles and format selections.

We generally use offset printing for large volume orders which are paper-based, ink-jet printing for orders which are for large-dimension products generally used as outdoor display, and toner-based digital printing for small volume orders which are for small-dimension paper-based products which are not for outdoor display.

During the Track Record Period, our main printing products were business printing-related products which covered, among others, stationery, advertisements, periodicals, directories and catalogues. We also offer a variety of post-press treatment services to our customers' printed products such as varnishing, binding and laminating which can be tailored to our customers' different requirements.

We have established a diverse customer base with our top five customers in FY2016, FY2017 and 7M of FY2018 accounting for only approximately 5.6%, 5.6% and 6.9% of the total revenue of the Group during the respective periods. During the Track Record Period, we served over 62,000

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customers from different backgrounds, ranging from corporations, government departments, schools, other printing service providers and restaurants to individuals. We strive to offer our customers a wide spectrum of printing services in order to satisfy their specific needs for product type, layout, colour management and printing.

The following table sets out our Group's revenue by types of printing services during the Track Record Period:

	For the year ended 31 March				For the seven months ended 31 October			
	2016		2017		2016		2017	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Offset printing	95,298	76.8	104,048	77.7	60,397	77.4	60,676	75.3
Toner-based digital printing	8,238	6.7	8,255	6.2	5,049	6.5	5,348	6.7
Ink-jet printing	12,672	10.2	13,988	10.4	8,153	10.4	10,020	12.4
Other services*	7,840	6.3	7,578	5.7	4,486	5.7	4,512	5.6
<b>Total</b>	<b>124,048</b>	<b>100.0</b>	<b>133,869</b>	<b>100.0</b>	<b>78,085</b>	<b>100.0</b>	<b>80,556</b>	<b>100.0</b>

\* Comprised miscellaneous services including production of other printing-related products such as pre-ink stamps, plastic name-cards, printed eco-bags and printed plastic products.

During the Track Record Period, around 94% of our revenue was derived from the provision of printing services.

### KEY FACTORS AFFECTING OUR FINANCIAL POSITION AND RESULTS OF OUR OPERATIONS

#### Demand from our customers and competition in the printing industry

Our sales are derived from an order-by-order basis and we did not enter into any long-term contract with our customers. Our customers' demand for our services is beyond our control and our ability to retain existing customers and attract new customers are affected by various factors such as our sales coverage, service quality, marketing strategies, market demand and the degree of competition in the market.

Furthermore, the business printing industry of Hong Kong is fragmented and we face competition from new entrants. If we fail to respond strategically to intensified competition, our business and results of operations may be adversely affected.

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### Cost of raw materials

The cost of raw materials consumed represent a sizeable portion of our cost of sales. For FY2016, FY2017 and 7M of FY2018, the cost of raw materials consumed contributed to approximately 36.4%, 33.3% and 29.2% of our total cost of sales, respectively. Our major raw materials included paper, zinc printing plates and printing ink, which represented approximately 77.0%, 11.8% and 5.0% respectively of our total cost of raw materials consumed in FY2016, approximately 77.4%, 9.6% and 3.8% respectively of our total cost of raw materials consumed in FY2017 and approximately 82.4%, 6.4% and 3.7% respectively of our total cost of raw materials consumed in 7M of FY2018. Any significant increase or decrease in the cost of raw materials may significantly impact our cost of sales and profit. It is noted in the Frost & Sullivan Report that the paper price has experienced a sharp increase in the PRC since the end of 2016 and is expected to remain relatively stable since the second half of 2017 and that the price of the zinc printing plate is expected to show an upward trend in the following three years as a result of limited supply of zinc sources from zinc mines globally. Any increase in price in any of the raw materials required for our printing services may adversely affect our profitability and results of operation.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in the cost of paper on the profit before tax for the Track Record Period. Fluctuations are assumed to be 5%, 10% and 15% for each of FY2016, FY2017 and 7M of FY2018.

<b>Change in cost of paper</b>	<b>+15%</b>	<b>+10%</b>	<b>+5%</b>	<b>-5%</b>	<b>-10%</b>	<b>-15%</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Impact on profit before tax for</i>						
FY2016	(3,937)	(2,624)	(1,312)	1,312	2,624	3,937
FY2017	(3,963)	(2,642)	(1,321)	1,321	2,642	3,963
7M of FY2018	(2,189)	(1,459)	(730)	730	1,459	2,189

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in the cost of zinc printing plates and printing ink on the profit before tax for the Track Record Period. Fluctuations are assumed to be 5%, 10% and 15% for each of FY2016, FY2017 and 7M of FY2018.

<b>Change in cost of zinc printing plates and printing ink</b>	<b>+15%</b>	<b>+10%</b>	<b>+5%</b>	<b>-5%</b>	<b>-10%</b>	<b>-15%</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Impact on profit before tax for</i>						
FY2016	(858)	(572)	(286)	286	572	858
FY2017	(685)	(457)	(228)	228	457	685
7M of FY2018	(267)	(178)	(89)	89	178	267

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### Our ability to control our sub-contracting costs

During the Track Record Period, apart from the production at our own production site, we also engaged sub-contractors to complement our production needs. Sub-contracting fees were a major component of our Group's cost of sales and accounted for approximately 35.5%, 39.6% and 44.4% of our total cost of sales for FY2016, FY2017 and 7M of FY2018, respectively. Save for the Shenzhen Sub-contractor and the undertaking given to us by Supplier G, we have not entered into any long-term contracts with our sub-contractors and during the Track Record Period, sub-contracting arrangement was assigned to sub-contractors on a case-by-case basis. Given that sub-contracting fees contribute a significant portion of our cost of sales, our ability to control our sub-contracting costs may materially affect our cost of sales and profitability.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in the cost of sub-contracting fees on the profit before tax for the Track Record Period. Fluctuations are assumed to be 5%, 10% and 15% for each of FY2016, FY2017 and 7M of FY2018.

Change in sub-contracting fees	+15%	+10%	+5%	-5%	-10%	-15%
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>Impact on profit before tax for</i>						
FY2016	(4,984)	(3,323)	(1,661)	1,661	3,323	4,984
FY2017	(6,087)	(4,058)	(2,029)	2,029	4,058	6,087
7M of FY2018	(4,044)	(2,696)	(1,348)	1,348	2,696	4,044

### Staff cost

We had a total of 132 employees (inclusive of our executive Directors) as at the Latest Practicable Date and our staff costs amounted to approximately HK\$25.4 million, HK\$27.1 million and HK\$16.4 million for FY2016, FY2017 and 7M of FY2018, respectively, and represented approximately 20.5%, 20.2% and 20.4% of our turnover for FY2016, FY2017 and 7M of FY2018, respectively.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in staff cost on the profit before tax for the Track Record Period. Fluctuations are assumed to be 5%, 10% and 15% for each of FY2016, FY2017 and 7M of FY2018.

Change in staff cost	+15%	+10%	+5%	-5%	-10%	-15%
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>Impact on profit before tax for</i>						
FY2016	(3,816)	(2,544)	(1,272)	1,272	2,544	3,816
FY2017	(4,059)	(2,706)	(1,353)	1,353	2,706	4,059
7M of FY2018	(2,461)	(1,640)	(820)	820	1,640	2,461

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### Operating lease expense

Our operating lease expense, which was mainly attributable to our production site and retail stores, amounted to approximately HK\$7.9 million, HK\$8.6 million and HK\$5.3 million for FY2016, FY2017 and 7M of FY2018, respectively, and represented approximately 6.4%, 6.4% and 6.5% of our revenue for FY2016, FY2017 and 7M of FY2018, respectively.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in operating lease expense on the profit before tax for the Track Record Period. Fluctuations are assumed to be 5%, 10% and 15% for each of FY2016, FY2017 and 7M of FY2018.

Change in operating lease expense	+15%	+10%	+5%	-5%	-10%	-15%
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>Impact on profit before tax for</i>						
FY2016	(1,189)	(793)	(396)	396	793	1,189
FY2017	(1,293)	(862)	(431)	431	862	1,293
7M of FY2018	(790)	(527)	(263)	263	527	790

### Economic conditions in Hong Kong

All of our revenue was generated in Hong Kong during the Track Record Period and we expect that Hong Kong will continue to be our principal market in the foreseeable future. Factors including the general macroeconomic conditions, the level of consumer spending, consumer sentiment and spending by business establishments on printed materials in Hong Kong will affect the demand for our printing services. Any market downturn or reduction in consumer sentiment may also affect the demand for our printing services and further intensify competition in the printing industry, which in turn would impact on our results of operations. For more information relating to the printing industry in Hong Kong, please refer to the sub-section headed “Overview of the printing market in Hong Kong” as set out in the “Industry Overview” section in this prospectus.

### REORGANISATION AND BASIS OF PRESENTATION

Our Company was incorporated in the Cayman Islands on 27 April 2017 as an exempted company with limited liability under the Companies Law of the Cayman Islands in preparation for the Listing. Pursuant to the Reorganisation with details set out in “History, Reorganisation and Corporate Structure” in this prospectus, our Company became the holding company of our Group on 8 June 2017. Apart from the Reorganisation, our Company has not carried on any business since its incorporation.

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The Reorganisation only involved inserting newly formed entity with no substantive operations as the new holding company of the Group and has not resulted in any change in economic substance of the Group. Accordingly, the Reorganisation has been accounted for using a principle similar to that for a reverse acquisition with Universe Printshop treated as the acquirer for accounting purposes. The financial information in the Accountants' Report has been prepared and presented as a continuation of the financial statements of Universe Printshop with the assets and liabilities of Universe Printshop recognised at their historical carrying amounts prior to the Reorganisation.

### CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

We have identified certain significant accounting policies that are critical to the preparation of our financial information. These significant accounting policies are important for an understanding of our financial position and results of operations and are set forth in Note 2 "Significant Accounting Policies" of the Accountants' Report in Appendix I to this prospectus.

The preparation of the financial information requires our management to make significant and subjective estimates, assumptions and judgements based on our own historical experience, knowledge and assessment of our business conditions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at each financial year end during the Track Record Period.

As use of estimates and judgement form an integral part of the financial reporting process, the actual results may differ from these assumptions, estimates and judgements and could result in outcomes that require a material adjustment to the carrying amounts of the assets and liabilities affected in the future. These key estimates are set out in Note 3 "Accounting Judgements and Estimates" of the Accountants' Report of the Group as set out in Appendix I to this prospectus.

We believe that the following critical accounting policies and accounting estimates involve the most significant judgements and estimates used in the preparation of the consolidated financial statements.

#### Revenue recognition

Revenue from sales of goods is recognised when the customer has accepted the related risks and rewards of ownership of the products in accordance with the sales orders, which generally coincides with the time when the goods are delivered and the title has passed to the customers, and is after deduction of any trade discounts.

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

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### Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Plant and machinery	4 - 10 years
Furniture and fixtures	5 years
Computer equipment	5 years
Leasehold improvements	Shorter of lease term and 5 years

Our Group reviews the estimated useful lives of property, plant and equipment regularly to determine the amount of depreciation expense to be recorded during the reporting period, which is based on our Group's historical experience with similar assets and taking into account anticipated technological changes.

### Impairment of trade and other receivables

Trade and other current and non-current receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of our Group about one or more of the following loss events, including (i) significant financial difficulty of the debtor; (ii) a breach of contract; (iii) it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and (iv) significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

We evaluate whether there is any objective evidence that trade receivables are impaired, and estimate allowances for doubtful debts as a result of the inability of the debtors to make required payments. Our estimate on allowances for doubtful debts are based on the ageing of the trade receivables balance, the credit-worthiness of the customer and historical write-off experience.



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### SUMMARY OF RESULTS OF OPERATIONS

The following table summarises our consolidated results for the Track Record Period prepared on the basis set out in the Accountants' Report of our Group contained in Appendix I of this prospectus. Potential investors should read this section in conjunction with the Accountants' Report of our Group contained in Appendix I to this prospectus and not merely rely on the information contained in this section.

	For the year ended 31 March		For the seven months ended 31 October	
	2016	2017	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	124,048	133,869	78,085	80,556
Cost of sales	<u>(93,640)</u>	<u>(102,519)</u>	<u>(59,951)</u>	<u>(60,710)</u>
<b>Gross Profit</b>	30,408	31,350	18,134	19,846
Other revenue - scrap sales	941	964	570	593
Other revenue - others	1,550	840	531	31
Other net (loss)/income	(956)	7	1	—
Selling and administrative expenses*	<u>(25,209)</u>	<u>(28,299)</u>	<u>(15,192)</u>	<u>(23,884)</u>
<b>Profit/(loss) from operations</b>	6,734	4,862	4,044	(3,414)
Finance costs	<u>(236)</u>	<u>(346)</u>	<u>(207)</u>	<u>(198)</u>
<b>Profit/(loss) before taxation</b>	6,498	4,516	3,837	(3,612)
Income tax	<u>(1,231)</u>	<u>(1,125)</u>	<u>(630)</u>	<u>(770)</u>
<b>Profit/(loss) and total comprehensive income for the year/period</b>	<u>5,267</u>	<u>3,391</u>	<u>3,207</u>	<u>(4,382)</u>

\* Our selling and administrative expenses included listing expense of approximately HK\$2.2 million and HK\$7.4 million for FY2017 and 7M of FY2018, respectively.

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### DESCRIPTION OF CERTAIN INCOME STATEMENT ITEMS

#### Revenue

The offering of offset, ink-jet and toner-based digital printing services to our customers allows us to offer the optimal service (in terms of timing and cost) to our customers to meet their needs depending on the particular print order requirements and also enables us to print products with a wide range of quantities, qualities, resolutions, styles and format selections. During the Track Record Period, we served over 62,000 customers from different backgrounds, ranging from corporations, government institutions, schools, other printing service providers and restaurants to individuals.

During the Track Record Period, we generated a substantial part of our revenue from provision of offset printing services, which represented approximately 76.8%, 77.7% and 75.3% of our revenue for FY2016, FY2017 and 7M of FY2018, respectively. Our Group's revenue increased by approximately HK\$9.8 million, or approximately 7.9%, from approximately HK\$124.0 million for FY2016 to approximately HK\$133.9 million for FY2017 and increased by approximately HK\$2.5 million, or approximately 3.2%, from approximately HK\$78.1 million for 7M of FY2017 to approximately HK\$80.6 million for 7M of FY2018, which was mainly attributable to the increase in printing activities of our customers which led to the increase in overall demand for our printing services.

#### (i) *Revenue by business segment*

The following table shows a breakdown of our revenue by types of printing services during the Track Record Period.

	For the year ended 31 March				For the seven months ended 31 October			
	2016		2017		2016		2017	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Offset printing	95,298	76.8	104,048	77.7	60,397	77.4	60,676	75.3
Toner-based digital printing	8,238	6.7	8,255	6.2	5,049	6.5	5,348	6.7
Ink-jet printing	12,672	10.2	13,988	10.4	8,153	10.4	10,020	12.4
Other services	7,840	6.3	7,578	5.7	4,486	5.7	4,512	5.6
<b>Total revenue</b>	<u>124,048</u>	<u>100.0</u>	<u>133,869</u>	<u>100.0</u>	<u>78,085</u>	<u>100.0</u>	<u>80,556</u>	<u>100.0</u>

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The following table shows a breakdown of the number of orders and the average revenue per order for each of our printing services:

	For the year ended 31 March				For the seven months ended 31 October			
	2016		2017		2016		2017	
	<i>Average revenue</i>		<i>Average revenue</i>		<i>Average revenue</i>		<i>Average revenue</i>	
	<i>Number per order of order</i>	<i>(HK\$)</i>	<i>Number per order of order</i>	<i>(HK\$)</i>	<i>Number per order of order</i>	<i>(HK\$)</i>	<i>Number per order of order</i>	<i>(HK\$)</i>
	<i>(Note 1)</i>	<i>(Note 2)</i>	<i>(Note 1)</i>	<i>(Note 2)</i>	<i>(Note 1)</i>	<i>(Note 2)</i>	<i>(Note 1)</i>	<i>(Note 2)</i>
Offset printing	62,139	1,534	63,785	1,631	37,394	1,615	34,499	1,759
Toner-based digital printing	14,620	563	16,744	493	9,740	518	9,738	549
Ink-jet printing	24,940	508	31,631	442	17,575	464	20,182	496
Other services	14,400	544	14,754	514	8,696	516	10,917	413
<b>Total</b>	<b>116,099</b>	<b>1,068</b>	<b>126,914</b>	<b>1,055</b>	<b>73,405</b>	<b>1,064</b>	<b>75,336</b>	<b>1,069</b>

*Note 1:* The number of order represents the number of orders we received for each type of printing service for the relevant year/period.

*Note 2:* The average revenue per order is based on the revenue generated from each type of printing service divided by the total number of orders received for the respective type of printing service for the relevant year/period.

### Offset printing

Our offset printing business involved the provision of printing services using the offset printing technology, which refers to the printing technology where the image is firstly transferred from the image carrier (i.e. zinc printing plate) to the blanket cylinder and then to the substrate. Generally, offset printing offers consistent high image quality for products and is relatively cost-efficient for large volume print orders. We generally use offset printing for large volume orders which are paper-based.

Revenue from offset printing amounted to approximately HK\$95.3 million, HK\$104.0 million and HK\$60.7 million and contributed to approximately 76.8%, 77.7% and 75.3% of the Group's total revenue in FY2016, FY2017 and 7M of FY2018, respectively. The increase in revenue from offset printing of approximately HK\$8.8 million, or approximately 9.2%, in FY2017 was mainly due to (i) the increase in the overall demand for our printing services; and (ii) the increase in orders that were suited to using the offset printing technology and the increase in average revenue per order for our offset printing business in FY2017. For 7M of FY2018, our revenue from offset printing of approximately HK\$60.7 million remained relatively stable as compared to that of approximately HK\$60.4 million for 7M of FY2017.

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### *Toner-based digital printing*

Our toner-based digital printing business involved the provision of printing services using the toner-based digital printing technology, which refers to the digital printing technology which adopts toner, a powdery substance, to form the printed content usually used by laser printers. We generally use toner-based digital printing for small volume orders which are for small-dimension paper-based products which are not for outdoor display.

Revenue from toner-based digital printing remained relatively stable during the Track Record Period, and amounted to approximately HK\$8.2 million, HK\$8.3 million and HK\$5.3 million and contributed to approximately 6.7%, 6.2% and 6.7% of our Group's total revenue for FY2016, FY2017 and 7M of FY2018, respectively.

### *Ink-jet printing*

Our ink-jet printing business involved the provision of of printing services using the ink-jet printing technology, which refers to the printing technology that sprays electronically charged droplets of ink into various substrate including paper and plastic. We generally use ink-jet printing for orders which are for large-dimension products generally used as outdoor display.

Revenue from ink-jet printing remained relatively stable in FY2016 and FY2017 and amounted to approximately HK\$12.7 million and HK\$14.0 million and contributed to approximately 10.2% and 10.4% of our Group's total revenue for FY2016 and FY2017, respectively. For 7M of FY2018, our revenue from ink-jet printing increased by approximately HK\$1.9 million, or approximately 22.9%, from approximately HK\$8.2 million in 7M of FY2017 to approximately HK\$10.0 million in 7M of FY2018, and contributed to approximately 10.4% and 12.4% of our total revenue in 7M of FY2017 and 7M of FY2018, respectively. The increase in revenue from ink-jet printing in 7M of FY2018 was mainly due to the increase in orders that were suited to using the ink-jet printing technology and the increase in average revenue per order for our ink-jet printing business.

### *Other services*

Apart from the provision of offset printing, toner-based digital printing and ink-jet printing services, we also provide services which are miscellaneous in nature, including production of other printing-related products such as pre-ink stamps, plastic name-cards, printed eco-bags and printed plastic folders.

Revenue from other services remained stable during the Track Record Period, and amounted to approximately HK\$7.8 million, HK\$7.6 million and HK\$4.5 million and contributed to approximately 6.3%, 5.7% and 5.6% of our Group's total revenue in FY2016, FY2017 and 7M of FY2018, respectively.

### (ii) *Revenue by sales channel*

Our Group's sales are made through two sales channels; (1) Store Sales, which comprise orders placed at our stores in Hong Kong; and (2) Non-store Sales, which comprise orders placed by Credit Customers directly with our sales team and orders placed from our website.

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The following table sets out the breakdown of revenue of the Group derived from orders received through our two sales channels during the Track Record Period:

	For the year ended 31 March				For the seven months ended 31 October			
	2016		2017		2016		2017	
	HK\$'000	% HK\$'000	HK\$'000	% HK\$'000	HK\$'000	% HK\$'000	HK\$'000	%
Store Sales	104,701	84.4	113,184	84.5	65,663	84.1	67,444	83.7
Non-store Sales	19,347	15.6	20,685	15.5	12,422	15.9	13,112	16.3
<b>Total</b>	<u>124,048</u>	<u>100.0</u>	<u>133,869</u>	<u>100.0</u>	<u>78,085</u>	<u>100.0</u>	<u>80,556</u>	<u>100.0</u>

We recorded growth in both of our sales channels during the Track Record Period. Our Store Sales increased by approximately 8.1% from approximately HK\$104.7 million in FY2016 to approximately HK\$113.2 million in FY2017, and our Non-store Sales increased by approximately 6.9% from approximately HK\$19.3 million in FY2016 to approximately HK\$20.7 million in FY2017. The increase in Store Sales was mainly attributable to the increase in revenue of some of our stores in FY2017 as a result of the overall increase in demand for our printing services. For 7M of FY2018, both of our Store Sales and Non-store Sales slightly increased as compared to those for 7M of FY2017, and amounted to approximately HK\$67.4 million and HK\$13.1 million and contributed to approximately 83.7% and 16.3% of our Group's total revenue for 7M of FY2018, respectively.

### Cost of sales

The following table sets out the components of our cost of sales during the Track Record Period:

	For the year ended 31 March				For the seven months ended 31 October			
	2016		2017		2016		2017	
	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	% of revenue
Raw material cost	34,066	27.5	34,133	25.5	20,483	26.2	17,709	22.0
Sub-contracting fee	33,229	26.8	40,581	30.4	23,509	30.1	26,958	33.5
Manufacturing overhead	16,233	13.1	16,924	12.6	9,765	12.5	9,717	12.1
Staff cost	10,112	8.1	10,881	8.1	6,194	8.0	6,326	7.8
<b>Total</b>	<u>93,640</u>	<u>75.5</u>	<u>102,519</u>	<u>76.6</u>	<u>59,951</u>	<u>76.8</u>	<u>60,710</u>	<u>75.4</u>

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Our cost of sales comprised (i) raw material cost; (ii) sub-contracting fee; (iii) manufacturing overhead; and (iv) staff cost of our skilled labour to oversee and perform the production procedures. Raw material cost and sub-contracting fee together accounted for approximately 71.9%, 72.9% and 73.6% of our total cost of sales in FY2016, FY2017 and 7M of FY2018, respectively.

Raw material cost was one of the largest components of our cost of sales during the Track Record Period. Raw materials used for our provision of printing services mainly included paper and zinc printing plates. Paper was the largest component of our raw material cost and accounted for approximately 77.0%, 77.4% and 82.4% of our total raw material cost for FY2016, FY2017 and 7M of FY2018, respectively. Whilst our revenue increased by approximately 7.9% and 3.2% in FY2017 (as compared to that of FY2016) and 7M of FY2018 (as compared to that of 7M of FY2017), respectively, as a result of the increase in overall demand for our printing services, our raw material cost remained stable in FY2017 of approximately HK\$34.1 million as compared to that of approximately HK\$34.1 million in FY2016 and decreased from approximately HK\$20.5 million in 7M of FY2017 to approximately HK\$17.7 million in 7M of FY2018. This was mainly because more printing activities were sub-contracted to sub-contractors in FY2017 and 7M of FY2018. For the same reason, sub-contracting fee increased from approximately HK\$33.2 million in FY2016 to approximately HK\$40.6 million in FY2017 and increased from approximately HK\$23.5 million in 7M of FY2017 to approximately HK\$27.0 million in 7M of FY2018.

During the Track Record Period, apart from the production at our own production site, we also engaged sub-contractors to complement our production needs for services that we do not have the requisite machines to produce; or do not have the capacity at that particular time; or simply for cost-efficiency reason. Our sub-contracting fees represented the fees charged by sub-contractors for such services.

Our manufacturing overhead mainly comprised depreciation expense, transportation expense for the transportation of our printing products, rent & rates, utility fee and other consumables. During the Track Record Period, manufacturing overhead as a percentage of our turnover remained relatively stable.

The staff cost of our skilled labour to oversee and perform the production procedures increased by approximately 7.6% from approximately HK\$10.1 million in FY2016 to approximately HK\$10.9 million in FY2017. Such increase was mainly attributable to salary increment and increase in headcount. The staff cost of our skilled labour remained relatively stable in 7M of FY2018, and amounted to approximately HK\$6.3 million as compared to that of approximately HK\$6.2 million in 7M of FY2017.

### **Gross profit and gross profit margin**

We recorded a gross profit of approximately HK\$30.4 million, HK\$31.4 million and HK\$19.8 million, respectively, and a gross profit margin of approximately 24.5%, 23.4% and 24.6% for FY2016, FY2017 and 7M of FY2018, respectively. The decrease in our overall gross profit margin in FY2017 of approximately 1.1 percentage points was mainly attributable to the decrease in gross profit margin for our ink-jet printing business. The gross profit margin for 7M of FY2018 of approximately 24.6% is comparable to that for FY2016 of approximately 24.5% and was increased by approximately

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1.4 percentage points as compared to that of 7M of FY2017, which was mainly contributed by the increase in gross profit margin from our ink-jet printing business and offset printing business for 7M of FY2018. The following table sets forth our gross profit and gross profit margin by types of printing services during the Track Record Period.

	For the year ended 31 March						For the seven months ended 31 October					
	2016			2017			2016			2017		
	Gross profit		margin	Gross profit		margin	Gross profit		margin	Gross profit		margin
	Revenue	profit		Revenue	profit		Revenue	profit		Revenue	profit	
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Offset printing	95,298	19,425	20.4	104,048	20,959	20.1	60,397	11,825	19.6	60,676	12,739	21.0
Toner-based digital printing	8,238	3,973	48.2	8,255	4,002	48.5	5,049	2,432	48.2	5,348	2,594	48.5
Ink-jet printing	12,672	4,521	35.7	13,988	4,241	30.3	8,153	2,548	31.3	10,020	3,256	32.5
Other services	7,840	2,489	31.7	7,578	2,148	28.3	4,486	1,329	29.6	4,512	1,257	27.9
	<u>124,048</u>	<u>30,408</u>	<u>24.5</u>	<u>133,869</u>	<u>31,350</u>	<u>23.4</u>	<u>78,085</u>	<u>18,134</u>	<u>23.2</u>	<u>80,556</u>	<u>19,846</u>	<u>24.6</u>

We typically achieve a higher margin for toner-based digital printing than offset printing or ink-jet printing as it is generally used for small volume and/or urgent orders and customers are more willing to pay a relatively higher price for a faster and urgent turnaround time. The higher margin for toner-based digital printing can also be attributable to its lower direct labour cost and raw material cost required, as pre-press procedures including pre-press setting and plate making are not required for toner-based digital printing.

The gross profit margin of our offset printing business and toner-based digital printing business remained relatively stable at around 20-21% and 48%, respectively, during the Track Record Period.

The gross profit margin of our ink-jet printing business decreased by approximately 5.4 percentage points from approximately 35.7% in FY2016 to approximately 30.3% in FY2017. To maintain our customer base and market share in the ink-jet printing business, we offered more competitive pricing terms for certain of our ink-jet printing products in FY2017 in view of keen competition in the market. As a result, we were able to increase the number of orders from 24,940 in FY2016 to 31,631 in FY2017 and maintain a relatively stable performance for our ink-jet printing business. In 7M of FY2018, as there was higher demand for certain of our ink-jet printing products, which contributed to the increase in our average revenue per order from approximately HK\$442 in FY2017 or HK\$464 in 7M of FY2017 to approximately HK\$496 in 7M of FY2018 and we were able to maintain our cost of the ink-jet printing services despite changing our sole sub-contractor for ink-jet printing services from the Shenzhen Sub-contractor to Supplier G since October 2017, the gross profit margin for our ink-jet printing business re-bounced to approximately 32.5% in 7M of FY2018 from approximately 30.3% in FY2017 or 31.3% in 7M of FY2017.

The gross profit margin of other services was approximately 31.7%, 28.3% and 27.9% in FY2016, FY2017 and 7M of FY2018, respectively.

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### Other revenue

Our other revenue amounted to approximately HK\$2.5 million and HK\$1.8 million for FY2016 and FY2017, respectively, and mainly comprised scrap sale income, commission income and rental income, which together accounted for approximately 89.9% and 93.1% of our other revenue in FY2016 and FY2017, respectively. Our other revenue amounted to approximately HK\$0.6 million in 7M of FY2018 and mainly comprised scrap sale income, which accounted for approximately 95.0% of our other revenue in 7M of FY2018.

### Other revenue - scrap sales

Our scrap sale income amounted to approximately HK\$0.9 million, HK\$1.0 million and HK\$0.6 million in FY2016, FY2017 and 7M of FY2018, respectively, and mainly represented sales of used zinc printing plates and scrap paper.

### Other revenue - others

Our commission income amounted to approximately HK\$1.1 million and HK\$0.5 million in FY2016 and FY2017, respectively. Our commission income represented commission received from Supplier C for FY2016 and another independent third party for FY2017 (together, the “**Independent Printers**”). The commission income received by our Group was essentially the consideration for referring the Referred Company to the Independent Printers.

The Referred Company required certain printing services from suppliers who met its internal assessment criteria, such as possessing certain environmental certificate. As our Group did not meet the internal assessment criteria of the Referred Company, we were not qualified. Since we had the relationship with the Referred Company, we first introduced Supplier C and subsequently another independent third party to the Referred Company.

After the Independent Printers obtained printing orders from the Referred Company upon our introduction, our Group also recommended relevant suppliers to the Independent Printers for the printing orders from the Referred Company as our Group had a better relationship with the Referred Company and hence had a better understanding of their requirements.

As our Group could earn commission on this arrangement and our Group would lose the relationship with the Referred Company if there was any unresolved dispute over the quality of the printing orders performed by the Independent Printers, our Group was keen to ensure that the Independent Printers had engaged our recommended suppliers for the printing orders from the Referred Company. Therefore, our Group requested the Independent Printers to demonstrate to our Group that they had in actual fact engaged our recommended suppliers for orders from the Referred Company. In this connection, the Independent Printers considered that payments to these suppliers could serve as the relevant evidence to our Group and thus requested our Group to handle the payments to the recommended suppliers on their behalf upon their instructions. Furthermore, the Independent



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Printers believed that the smooth cooperation among the Independent Printers and the Referred Company could be facilitated by our Group maintaining contact with both parties after the initial introduction. On the other hand, the Referred Company placed orders and made payments, in each case, directly to the Independent Printers.

Although it is not an industry norm, our Directors consider that the referral of customer, which our Group was unable to conduct business with, to other companies for a commission income in return was reasonable commercial decision and beneficial to our Group. Furthermore, our Directors consider that such commission income received is in line with normal commercial practice.

According to the Senior Counsel, (i) the said commission income received by our Group in FY2016 and FY2017 is legal; (ii) legally, there is nothing to preclude our Group from referring the potential jobs of the Referred Company to other(s); and (iii) from the point of view of civil law, there is nothing extraordinary or illegal about the business of our Group in introducing the Referred Company to the Independent Printers and providing the ancillary services to the Independent Printers for earning services fee from the supplier.

As aforementioned, after our Group introduced the Referred Company to the Independent Printers, the Independent Printers requested our Group to (i) maintain contact with the Referred Company and the Independent Printers to help to facilitate the smooth cooperation and maintenance of the business relationship between the Referred Company and the Independent Printers; and (ii) in respect of orders from the Referred Company to the Independent Printers, settle payments to the suppliers of the Independent Printers in Hong Kong and PRC upon receiving instruction and funding from the Independent Printers. However, during the period (the “**Relevant Period**”) from 1 April 2015 to 3 September 2015, there were times when the payments made by our Group to the suppliers of Supplier C exceeded the amount of funding from Supplier C (the “**Shortfall**”). During the Relevant Period, the highest amount of Shortfall was approximately HK\$1.2 million. The occurrence of the Shortfall was due to the fact that the payment arrangements between Supplier C and our Group was not yet optimised during the Relevant Period and there were times when our Group was requested to make payments to the suppliers of Supplier C on its behalf according to the credit period of those suppliers before receiving sufficient funds from Supplier C. Our Group made such arrangement given that (i) we wished those suppliers to continue to assist Supplier C for the printing orders from the Referred Company; and (ii) we had confidence in the credibility of Supplier C as we had a well-established business relationship with Supplier C of over seven years at that material time. As at 1 September 2015, the balance of the Shortfall amounted to approximately HK\$0.2 million and was fully paid to our Group by the relevant Independent Printer on 4 September 2015. After such date, our Group only made payments to the Independent Printers’ suppliers after the receipt of sufficient funding from the Independent Printers and thus there has been no more occurrence of Shortfall.

As mentioned above, the Independent Printers provided funding to the Group for the Group to make payment to their suppliers on behalf of them. The transfer of money from the Independent Printers to our Group for this purpose were conducted in the respective Hong Kong bank account of the Independent Printers and our Group. Our Group had designated staff in the finance department to liaise and follow up with the Independent Printers regarding the payment instructions from the Independent Printers and payments made on their behalf. Furthermore, management’s approval was sought prior to making payments on behalf of the Independent Printers.

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There had been no escrow arrangement or separate bank account of our Group regarding the payment services on behalf of the Independent Printers as it was not requested by the Independent Printers and all the money receipt from the Independent Printers were used to settle the payments to their suppliers on their behalf. Our Directors believe that the Independent Printers are the genuine beneficial owners of the money that they have remitted to our Group in this connection and such money are not from or for money laundering, as we understood that the money came from the sales receipts from the Referred Company and when the money passed through the banking system in Hong Kong, there is an established system in the banks in Hong Kong to detect potential money laundering activities. The amount of payment made by us on behalf of the Independent Printers to their suppliers amounted to approximately HK\$17.2 million and HK\$11.2 million for FY2016 and FY2017, respectively. To the best knowledge of our Directors, the sales amount between the Referred Company and the Independent Printers amounted to approximately HK\$19.7 million and HK\$17.5 million for FY2016 and FY2017, respectively, and the above payments were made in respect of these sales transactions. Since 3 November 2016, our Group had ceased such payment services on behalf of the Independent Printers. Our Group will not provide such services in the future.

These ancillary services provided by our Group were not standalone services and forms part of the overall customer referral arrangement. These ancillary services provided by our Group does not require any license or regulatory approval.

In FY2016, the calculation of our commission received was based on a certain percentage of the revenue of orders placed by the Referred Company with Supplier C, whilst our commission in FY2017 was based on an agreed lump sum fee with the Independent Third Party. For 7M of FY2018, our Group had not received any commission income. The Directors do not expect any commission income will be earned by the Group for FY2018.

Our rental income amounted to approximately HK\$0.2 million in FY2016 and FY2017 and represented rental income from the sub-leasing of a small portion of our leased property, Unit B, 8/F of Kwun Tong Industrial Centre to an Independent Third Party. Such sub-leasing arrangement has ended in April 2017. The lease arrangements made between our Group and our landlord in respect of the leasing of such property did not contain any terms restricting our Group from subleasing the said property. Our Group had subsequently obtained written confirmation from the landlord that the landlord was aware of the former sub-leasing arrangement and it had no objection to such arrangement and it would not pursue any claim against our Group for such arrangement nor would it regard the arrangement as a breach of the lease agreements entered into between the landlord and our Group in respect of the said property.

### **Other net (loss)/income**

We recorded other net loss of approximately HK\$1.0 million in FY2016 and other net income of approximately HK\$6,500 in FY2017. Our other net loss in FY2016 mainly represented loss on modification of finance lease of approximately HK\$0.9 million, which arose from the extension of the lease period of two of our Group's toner-based digital printers in November 2015.

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### Selling and administrative expenses

The following table sets forth the breakdown of our selling and administrative expenses during the Track Record Period.

	For the year ended 31 March				For the seven months ended 31 October			
	2016		2017		2016		2017	
	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	% of revenue
Staff cost	15,327	12.4	16,045	12.0	8,980	11.5	10,152	12.6
Rent and rates	5,672	4.6	5,789	4.3	3,494	4.5	3,573	4.4
Listing expense	—	—	2,154	1.6	—	0.0	7,354	9.1
Depreciation	307	0.2	253	0.2	134	0.2	310	0.4
Repair and maintenance	683	0.5	454	0.3	256	0.3	207	0.3
Telecommunication expense	327	0.3	337	0.3	194	0.3	212	0.3
Utilities expense	444	0.4	537	0.4	335	0.4	275	0.3
Bank charge	574	0.4	703	0.5	411	0.5	474	0.6
Others	1,875	1.5	2,027	1.5	1,388	1.8	1,327	1.6
<b>Total</b>	<b>25,209</b>	<b>20.3</b>	<b>28,299</b>	<b>21.1</b>	<b>15,192</b>	<b>19.5</b>	<b>23,884</b>	<b>29.6</b>

Our selling and administrative expenses mainly comprised (i) staff cost for our directors and senior management, sales and marketing, human resources and administrative and finance employees; and (ii) rent and rates, which together accounted for approximately 83.3%, 77.2% and 57.5% of our total selling and administrative expenses for FY2016, FY2017 and 7M of FY2018, respectively. The remaining of our selling and administrative expenses mainly represented listing expense, repair and maintenance expense, telecommunication expense, utilities, bank charge, depreciation and other expenses relating to our operating function.

For FY2016, FY2017 and 7M of FY2018, we incurred selling and administrative expenses of approximately HK\$25.2 million, HK\$28.3 million and HK\$23.9 million, representing approximately 20.3%, 21.1% and 29.6% of our total revenue, respectively. The increase in our selling and administrative expenses in FY2017 as compared to that in FY2016 was mainly due to the listing expense recognised in our consolidated income statement of approximately HK\$2.2 million for FY2017 and the increase in staff cost of approximately HK\$0.7 million. Similarly, the increase in our selling and administrative expenses in 7M of FY2018 as compared to that in 7M of FY2017 was mainly due to listing expenses recognised in our consolidated income statement of approximately HK\$7.4 million in 7M of FY2018 and the increase in staff cost of approximately HK\$1.2 million.

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Our staff costs increased by approximately 4.7% from approximately HK\$15.3 million in FY2016 to approximately HK\$16.0 million in FY2017. Such increase was mainly due to salary increment during the year. The increase in our staff costs by approximately 13.1% from approximately HK\$9.0 million in 7M of FY2017 to approximately HK\$10.2 million in 7M of FY2018 was mainly due to salary increment and increase in headcount during 7M of FY2018.

Our rent and rates mainly represented rental fees for our retail stores, and increased slightly by approximately 2.1% from approximately HK\$5.7 million in FY2016 to approximately HK\$5.8 million in FY2017. Such increase was mainly due to rental increment and the addition of store in FY2017. Our rent and rates remained relatively stable in 7M of FY2018, and amounted to approximately HK\$3.6 million as compared to that of approximately HK\$3.5 million in 7M of FY2017.

### Finance costs

Finance costs represented finance charges on obligations under finance lease for certain of our toner-based digital printers, and amounted to approximately HK\$0.2 million, HK\$0.3 million and HK\$0.2 million for FY2016, FY2017 and 7M of FY2018, respectively. The increase in finance costs in FY2017 as compared to that of FY2016 was due to the addition of toner-based digital printer under finance lease in FY2017.

### Income tax expense

Our income tax amounted to approximately HK\$1.2 million, HK\$1.1 million and HK\$0.8 million for FY2016, FY2017 and 7M of FY2018, respectively, and represented Hong Kong profits tax during the Track Record Period. Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits derived from Hong Kong during the Track Record Period.

Our effective tax rate increased from approximately 18.9% in FY2016 to approximately 24.9% in FY2017, which was mainly due to the fact that listing expenses incurred in FY2017 were not-deductible for tax purposes. Before deducting the listing expenses of approximately HK\$2.2 million, our effective tax rate in FY2017 would be approximately 16.9%. For 7M of FY2018, before deducting listing expenses of approximately HK\$7.4 million, our effective tax rate would be approximately 20.6%.

### Profit and total comprehensive income for the year/period (the “Net Profit”)

We recorded Net Profit of approximately HK\$5.3 million and HK\$3.4 million for FY2016 and FY2017, respectively, representing a net profit margin of approximately 4.2% and 2.5%, respectively. Before deducting the listing expenses recognised in our consolidated income statement of approximately HK\$2.2 million for FY2017, our Adjusted FY2017 Profit and Adjusted FY2017 NP Margin would be approximately HK\$5.6 million and approximately 4.1%, respectively. The Adjusted FY2017 Profit represented an increase of approximately HK\$0.3 million, or approximately 5.3%, over the Net Profit of approximately HK\$5.3 million for FY2016. The Adjusted FY2017 NP Margin is similar to the net profit margin of approximately 4.2% in FY2016.

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We recorded net loss of approximately HK\$4.4 million for 7M of FY2018. Before deducting listing expenses recognised in our consolidated income statement of approximately HK\$7.4 million for 7M of FY2018, our Adjusted 7M of FY2018 Profit and Adjusted 7M of FY2018 NP Margin would be approximately HK\$3.0 million and approximately 3.7%, respectively. The Adjusted 7M of FY2018 Profit remained relatively stable as compared to the Net Profit of approximately HK\$3.2 million for 7M of FY2017. The Adjusted 7M of FY2018 NP Margin of approximately 3.7% represents a decrease of approximately 0.4 percentage points as compared to the net profit margin of approximately 4.1% in 7M of FY2017.

As at 1 April 2015, our Group had accumulated losses of approximately HK\$0.6 million. As set out in the section “History, Reorganisation and Corporate Structure” in this prospectus, our Group underwent a corporate and business restructuring, and our business under the Former Group was transferred to the relevant operating subsidiaries of the Group. The Startec Business Transfer, the Universe Printing Business Transfer and the Print Shop Business Transfer were completed on 1 April 2015, 1 April 2015 and 1 January 2015, respectively. As a result, the accumulated losses of approximately HK\$0.6 million as at 1 April 2015 represented the results of our then Group, which had not yet included Startec Colour Separation Printing and Universe Printing, for the period from 1 January 2015 to 31 March 2015. Based on the unaudited management accounts of Former Print Shop, Former Startec and Former Universe Printing, they recorded combined profit for the year ended 31 March 2015.

### PERIOD TO PERIOD COMPARISON OF RESULTS OF OUR OPERATIONS

#### 7M of FY2018 compared to 7M of FY2017

##### *Revenue*

For 7M of FY2018, our revenue amounted to approximately HK\$80.6 million, which represented an increase of approximately HK\$2.5 million, or approximately 3.2%, as compared to that of approximately HK\$78.1 million in 7M of FY2017. The slight increase in revenue was mainly contributed by the increase in revenue from our ink-jet printing business, toner-based digital printing business and offset printing business in 7M of FY2018, which recorded increase in revenue of approximately HK\$1.9 million, HK\$0.3 million and HK\$0.3 million, respectively.

The increase in revenue from our ink-jet printing business in 7M of FY2018 of approximately HK\$1.9 million was mainly due to the increase in orders that were suited to using the ink-jet printing technology and the increase in average revenue per order for our ink-jet printing business.

##### *Cost of sales*

Our cost of sales remained relatively stable in 7M of FY2018, and amounted to approximately HK\$60.7 million in 7M of FY2018 as compared to that of approximately HK\$60.0 million in 7M of FY2017.

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### *Gross profit and gross profit margin*

Our gross profit increased by approximately HK\$1.7 million, or approximately 9.4%, from approximately HK\$18.1 million in 7M of FY2017 to approximately HK\$19.8 million in 7M of FY2018. The increase in gross profit was mainly attributable to our increase in revenue. Our gross profit margin increased from approximately 23.2% in 7M of FY2017 to approximately 24.6% in 7M of FY2018, which was mainly contributed by the increase in gross profit margin for our ink-jet printing business from approximately 31.3% in 7M of FY2017 to approximately 32.5% in 7M of FY2018 and the increase in gross profit margin for our offset printing business from approximately 19.6% in 7M of FY2017 to approximately 21.0% in 7M of FY2018.

### *Other revenue*

Our other revenue decreased from approximately HK\$1.1 million in 7M of FY2017 to approximately HK\$0.6 million in 7M of FY2018. Such decrease was mainly because no rental income and commission income was received by our Group in 7M of FY2018.

### *Selling and administrative expenses*

For 7M of FY2018, our selling and administrative expenses amounted to approximately HK\$23.9 million, which represented an increase of approximately HK\$8.7 million, as compared to that of approximately HK\$15.2 million in 7M of FY2017. The increase in selling and administrative expenses was mainly attributable to the listing expenses recognised in our consolidated income statement of approximately HK\$7.4 million in 7M of FY2018 and the increase in staff cost of approximately HK\$1.2 million.

### *Finance costs*

Our finance costs remained stable and amounted to approximately HK\$0.2 million in each of 7M of FY2017 and 7M of FY2018.

### *Income tax*

Our income tax expense amounted to approximately HK\$0.6 million and HK\$0.8 million in 7M of FY2017 and 7M of FY2018, respectively. Our effective tax rate in 7M of FY2017 was approximately 16.4%. For 7M of FY2018, before deducting listing expenses of approximately HK\$7.4 million, our effective tax rate was approximately 20.6%.

### *Net Profit*

We recorded net loss of approximately HK\$4.4 million for 7M of FY2018. Before deducting listing expenses recognised in our consolidated income statement of approximately HK\$7.4 million for 7M of FY2018, our Adjusted 7M of FY2018 Profit and net profit margin for 7M of FY2018 would be approximately HK\$3.0 million and approximately 3.7%, respectively. The Adjusted 7M of FY2018

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Profit remained relatively stable as compared to the Net Profit of approximately HK\$3.2 million for 7M of FY2017, and the Adjusted 7M of FY2018 NP Margin of approximately 3.7% represents a decrease of 0.4 percentage points as compared to the net profit margin of approximately 4.1% in 7M of FY2017.

### **FY2017 compared to FY2016**

#### ***Revenue***

For FY2017, our revenue amounted to approximately HK\$133.9 million, which represented an increase of approximately HK\$9.8 million, or approximately 7.9%, as compared to that of approximately HK\$124.0 million for FY2016. Such increase was mainly attributable to the increase in printing activities of our customers which led to the overall increase in demand for our printing services.

The increase in revenue in FY2017 was mainly contributed by the increase in revenue from our offset printing business, which recorded increase in revenue of approximately HK\$8.8 million in FY2017. The increase in revenue from our offset printing business was mainly due to (i) the increase in overall demand for our printing services; and (ii) the increase in orders that were suited to using the offset printing technology and the increase in average revenue per order for our offset printing business in FY2017.

#### ***Cost of sales***

For FY2017, our cost of sales increased by approximately HK\$8.9 million, or approximately 9.5%, as compared to that of approximately HK\$93.6 million in FY2016. Such increase was generally in line with our increase in revenue during the year.

#### ***Gross profit and gross profit margin***

Our gross profit increased by approximately HK\$0.9 million, or approximately 3.1%, from approximately HK\$30.4 million in FY2016 to approximately HK\$31.4 million in FY2017. The increase in gross profit was primarily attributable to our increase in revenue. Our gross profit margin decreased from approximately 24.5% in FY2016 to approximately 23.4% in FY2017, which was mainly attributable to the decrease in gross profit margin of our ink-jet printing business from approximately 35.7% in FY2016 to approximately 30.3% in FY2017. We offered more competitive pricing terms for certain of our ink-jet printing products in FY2017. As a result, our gross profit margin dropped but we were able to maintain a relatively stable revenue for our ink-jet printing business.

The gross profit margin of our offset printing business and toner-based digital printing business remained relatively stable in FY2017.



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### *Other revenue*

Our other revenue decreased from approximately HK\$2.5 million in FY2016 to approximately HK\$1.8 million in FY2017. The decrease was mainly attributable to the decrease in commission income received of approximately HK\$0.6 million for customer referral by our Group.

### *Other net (loss)/income*

We recorded other net loss of approximately HK\$1.0 million in FY2016 and other net income of approximately HK\$6,500 in FY2017. Our other net loss in FY2016 mainly represented loss on modification of finance lease of approximately HK\$0.9 million, which arose from the extension of the lease period of two of the Group's toner-based digital printers with the original lease period from 2013 to 2019. When the Group leased for an additional toner-based digital printer from the same lessor in 2015, the lessor offered to extend the lease period of the two existing toner-based digital printers until 2021 to align the expiration date of the lease period of the existing printers and the newly leased printer. There was no such loss recognised in FY2017.

### *Selling and administrative expenses*

For FY2017, our selling and administrative expenses amounted to approximately HK\$28.3 million, which represented an increase of approximately HK\$3.1 million, or approximately 12.3%, as compared to that of approximately HK\$25.2 million for FY2016. The increase in selling and administrative expenses was mainly attributable to the listing expenses recognised in our consolidated income statement of approximately HK\$2.2 million in FY2017 and the increase in staff cost of approximately HK\$0.7 million.

### *Finance costs*

Our finance costs increased from approximately HK\$0.2 million in FY2016 to approximately HK\$0.3 million in FY2017, which was mainly as a result of addition of toner-based digital printer under finance lease in FY2017.

### *Income tax*

Our income tax expense amounted to approximately HK\$1.2 million and HK\$1.1 million for FY2016 and FY2017, respectively. Our effective tax rate increased from approximately 18.9% in FY2016 to approximately 24.9% in FY2017, which was mainly due to the effect of the listing expenses that were not-deductible for tax purposes. Before deducting the listing expenses recognised in our consolidated income statement of approximately HK\$2.2 million, our effective tax rate in FY2017 would be approximately 16.9%.



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### *Net Profit*

As a result of the above, our Net Profit amounted to approximately HK\$3.4 million in FY2017, which represented a decrease of approximately HK\$1.9 million, or approximately 35.6%, as compared to that of approximately HK\$5.3 million in FY2016. Our net profit margin decreased from approximately 4.2% in FY2016 to approximately 2.5% in FY2017. Based on the Adjusted FY2017 Profit of approximately HK\$5.6 million, which would represent an increase of approximately HK\$0.3 million over the Net Profit of approximately HK\$5.3 million in FY2016, our net profit margin in FY2017 would be approximately 4.1%, which is similar to the net profit margin of approximately 4.2% in FY2016.

### LIQUIDITY AND CAPITAL STRUCTURE

We have historically financed our operations, which included funding required for working capital and other liquidity requirements, mainly through cash flow from operations and financing activities. We expect to fund our future operations and expansion plans principally with cash generated from our operations, the proceeds from the Pre-IPO Investments and the net proceeds from the Share Offer and our funds raised from capital markets from time to time, when necessary.

### Cash flows

The table below sets forth the changes in cash flow of our Group during the Track Record Period.

	For the year ended 31 March		For the seven months ended 31 October	
	2016	2017	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net cash generated from operating activities	15,718	11,066	9,027	2,654
Net cash used in investing activities	(23,347)	(1,399)	(637)	(235)
Net cash generated from/(used in) financing activities	<u>12,875</u>	<u>5,550</u>	<u>(8,074)</u>	<u>(3,586)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	5,246	15,217	316	(1,167)
Cash and cash equivalents at the beginning of the year	<u>530</u>	<u>5,776</u>	<u>5,776</u>	<u>20,993</u>
<b>Cash and cash equivalents at the end of the year/period</b>	<u><u>5,776</u></u>	<u><u>20,993</u></u>	<u><u>6,092</u></u>	<u><u>19,826</u></u>

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### **Net cash generated from operating activities**

During the Track Record Period, we had net cash generated from our operating activities. Our cash inflow from operating activities was principally derived from receipt of payments from our customers for our provision of printing services. Our cash outflow from operating activities principally arose from our payment for purchase of raw materials and sub-contracting fees and expenses for our operating activities.

For FY2016, we recorded net cash from operating activities of approximately HK\$15.7 million. This was mainly the result of positive operating cash flows before working capital changes of approximately HK\$14.1 million and net working capital inflow of approximately HK\$1.6 million. Our net working capital inflow of approximately HK\$1.6 million in FY2016 was mainly attributable to the net effect of (i) increase in trade and other payables of approximately HK\$16.6 million; (ii) increase in trade and other receivables of approximately HK\$6.5 million; (iii) decrease in amounts due to a related company of approximately HK\$5.5 million; and (iv) increase in inventories of approximately HK\$2.7 million.

For FY2017, we recorded net cash generated from operating activities of approximately HK\$11.1 million. This was mainly the result of positive operating cash flows before working capital changes of approximately HK\$11.0 million and net working capital inflow of approximately HK\$0.1 million. Our net working capital inflow of approximately HK\$0.1 million in FY2017 was mainly attributable to the net effect of (i) increase in trade and other payables of approximately HK\$2.4 million; (ii) increase in trade and other receivables of approximately HK\$0.7 million; (iii) increase in amounts due from directors of approximately HK\$1.1 million; and (iv) increase in amounts due from other related parties of approximately HK\$0.4 million.

For 7M of FY2018, we recorded net cash generated from operating activities of approximately HK\$2.7 million. This was mainly the result of operating loss before working capital changes of approximately HK\$0.5 million and net working capital inflow of approximately HK\$3.2 million. Before deducting listing expenses of approximately HK\$7.4 million in 7M of FY2018, we would have recorded operating profit before working capital changes of approximately HK\$6.9 million. Our net working capital inflow of approximately HK\$3.2 million in 7M of FY2018 was mainly attributable to the net effect of (i) decrease in amounts due from relating parties of approximately HK\$5.1 million; (ii) increase in trade and other payables of approximately HK\$4.0 million; (iii) increase in trade and other receivables of approximately HK\$4.5 million; and (iv) increase in inventories of approximately HK\$1.4 million.

### **Net cash used in investing activities**

During the Track Record Period, our cash used in investing activities mainly arose from the payment for the purchase of property, plant and equipment.

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For FY2016, we had net cash used in investing activities of approximately HK\$23.3 million, which was mainly attributable to the purchase of property, plant and equipment of approximately HK\$23.4 million arising from the Business Transfers in early 2015.

For FY2017, we had net cash used in investing activities of approximately HK\$1.4 million, which was mainly attributable to the purchase of property, plant and equipment and deposit for purchase of a motor vehicle and payment for a software system.

For 7M of FY2018, we had net cash used in investing activities of approximately HK\$0.2 million, which was mainly attributable to the purchase of leasehold improvement.

### **Net cash generated from financing activities**

During the Track Record Period, our cash inflow from financing activities mainly represented advances from related companies and proceeds from Pre-IPO Investments, and our cash outflow from financing activities mainly represented repayment of advances from related companies and repayment of finance lease.

For FY2016, we had net cash generated from financing activities of approximately HK\$12.9 million, which mainly represented net advances from related companies of approximately HK\$13.6 million and payment for finance lease obligations of approximately HK\$0.7 million.

As mentioned above, we used approximately HK\$23.4 million for the purchase of property, plant and equipment arising from the Business Transfers in early 2015, and received net advances from related companies during FY2016 of approximately HK\$13.6 million. Such advances were substantially repaid to the related companies in FY2017.

For FY2017, we had net cash inflow from financing activities of approximately HK\$5.6 million, which mainly represented the net effect of proceeds from Pre-IPO Investments of HK\$20.0 million, net repayment of advances from related companies of approximately HK\$12.8 million and payment for finance lease obligations of approximately HK\$0.9 million.

For 7M of FY2018, we had net cash used in financing activities of approximately HK\$3.6 million, which mainly represented payment for listing expenses of approximately HK\$1.9 million, net repayment of advances from related companies of approximately HK\$0.8 million and payment for finance lease obligations of approximately HK\$0.9 million.

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### Capital expenditures

Our capital expenditures during the Track Record Period primarily represented the purchase of plant and machinery. The following table sets forth our capital expenditures by nature during the Track Record Period:

	For the year ended 31 March		For the seven months ended 31 October
	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000
Purchase of plant and machinery	23,442	1,304	—
Purchase of computer equipment	94	295	34
Purchase of furniture and fixtures	369	141	21
Additions to leasehold improvements	98	243	159
Purchase of motor vehicle	—	—	651

The purchase of plant and machinery of approximately HK\$23.4 million in FY2016 mainly arose from the Business Transfer in early 2015. The following table sets forth our estimated capital expenditures for the year ending 31 March 2018:

	Estimated cost HK\$'000
Purchase of plant and machinery	15,000
Purchase of computer equipment	34
Purchase of furniture and fixtures	119
Purchase of motor vehicles	651
Additions to leasehold improvements	239

We plan to finance our future capital expenditures through cash generated from our operations and the net proceeds from the Share Offer. Our projected capital expenditures are subject to revision based on any future changes in our business plan, market conditions, and economic and regulatory environment. Please refer to “Future Plans and Use of Proceeds” in this prospectus for further information.

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### Current assets and current liabilities

The table below sets forth our current assets and current liabilities as at the relevant balance sheet dates indicated.

	As at 31 March		As at 31 October	As at 31 January
	2016	2017	2017	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Current assets</b>				
Inventories	2,964	3,263	4,696	4,513
Trade and other receivables	10,079	11,504	17,951	21,048
Amounts due from other related parties	4,671	5,106	—	—
Amounts due from directors	638	1,733	—	—
Amounts due from shareholders	78	78	—	—
Cash and Cash Equivalents	<u>5,776</u>	<u>20,993</u>	<u>19,826</u>	<u>25,145</u>
	<u>24,206</u>	<u>42,677</u>	<u>42,473</u>	<u>50,706</u>
<b>Current liabilities</b>				
Trade and other payables	19,789	22,257	26,228	31,235
Amounts due to related companies	13,615	799	—	—
Amount due to a director	1,582	1,755	—	—
Obligations under finance leases	549	887	925	1,075
Provision for reinstatement cost	200	220	240	240
Tax payable	<u>203</u>	<u>983</u>	<u>1,818</u>	<u>1,949</u>
	<u>35,938</u>	<u>26,901</u>	<u>29,211</u>	<u>34,499</u>
<b>Net current (liabilities)/assets</b>	(11,732)	15,776	13,262	16,207

We had net current liabilities of approximately HK\$11.7 million as at 31 March 2016, net current assets of approximately HK\$15.8 million as at 31 March 2017 and net current assets of approximately HK\$13.3 million as at 31 October 2017. Our net current liabilities position as at 31 March 2016 was mainly attributable to payments of approximately HK\$23.4 million for the purchase of property, plant and equipment from the Business Transfers in early 2015.

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As at 31 March 2016, we had net current liabilities of approximately HK\$11.7 million. Our current assets mainly comprised trade and other receivables of approximately HK\$10.1 million (representing approximately 41.6% of our current assets), cash and cash equivalents of approximately HK\$5.8 million (representing approximately 23.9% of our current assets) and amounts due from other related parties of approximately HK\$4.7 million (representing approximately 19.3% of our current assets). Our current liabilities mainly comprised trade and other payables of approximately HK\$19.8 million (representing approximately 55.1% of our current liabilities) and amounts due to related companies of approximately HK\$13.6 million (representing approximately 37.9% of our current liabilities).

As at 31 March 2017, we had net current assets of approximately HK\$15.8 million. Our current assets mainly comprised cash and cash equivalents of approximately HK\$21.0 million (representing approximately 49.2% of our current assets), trade and other receivables of approximately HK\$11.5 million (representing approximately 27.0% of our current assets) and amounts due from other related parties of approximately HK\$5.1 million (representing approximately 12.0% of our current assets). Our current liabilities mainly comprised trade and other payables of approximately HK\$22.3 million (representing approximately 82.7% of our current liabilities).

The improvement from a net current liabilities of approximately HK\$11.7 million as at 31 March 2016 to a net current assets of approximately HK\$15.8 million as at 31 March 2017 was mainly because of the effect of our profit generated in FY2017 and cash proceeds from Pre-IPO Investments of HK\$20.0 million in FY2017.

As at 31 October 2017, we had net current assets of approximately HK\$13.3 million. Our current assets mainly comprised cash and cash equivalents of approximately HK\$19.8 million (representing approximately 46.7% of our current assets) and trade and other receivables of approximately HK\$18.0 million (representing approximately 42.3% of our current assets). Our current liabilities mainly comprised trade and other payables of approximately HK\$26.2 million (representing approximately 89.8% of our current liabilities).

Based on our unaudited management accounts, as at 31 January 2018, we had net current assets of approximately HK\$16.2 million. Our current assets mainly comprised cash and cash equivalents of approximately HK\$25.1 million (representing approximately 49.6% of our current assets) and trade and other receivables of approximately HK\$21.0 million (representing approximately 41.5% of our current assets). Our current liabilities mainly comprised trade and other payables of approximately HK\$31.2 million (representing approximately 90.5% of our current liabilities).

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### DISCUSSION OF CERTAIN KEY BALANCE SHEET ITEMS

	As at 31 March		As at
	2016	2017	31 October
	HK\$'000	HK\$'000	2017
			HK\$'000
<b>Non-current Assets</b>			
Property, plant and equipment	20,364	16,178	14,120
Intangible asset	—	—	371
Deposits for acquisition of non-current assets	—	429	109
	<u>20,364</u>	<u>16,607</u>	<u>14,600</u>
<b>Current Assets</b>			
Inventories	2,964	3,263	4,696
Trade and other receivables	10,079	11,504	17,951
Amounts due from other related parties	4,671	5,106	—
Amounts due from directors	638	1,733	—
Amounts due from shareholders	78	78	—
Cash and cash equivalents	<u>5,776</u>	<u>20,993</u>	<u>19,826</u>
	<u>24,206</u>	<u>42,677</u>	<u>42,473</u>
<b>Non-current Liabilities</b>			
Obligations under finance leases	2,880	2,897	2,822
Deferred tax liabilities	<u>981</u>	<u>1,325</u>	<u>1,261</u>
	<u>3,861</u>	<u>4,222</u>	<u>4,083</u>
<b>Current Liabilities</b>			
Trade and other payables	19,789	22,257	26,228
Amounts due to related companies	13,615	799	—
Amount due to a director	1,582	1,755	—
Obligations under finance leases	549	887	925
Provision for reinstatement cost	200	220	240
Tax payable	<u>203</u>	<u>983</u>	<u>1,818</u>
	<u>35,938</u>	<u>26,901</u>	<u>29,211</u>
<b>Net Assets</b>	<u>4,771</u>	<u>28,161</u>	<u>23,779</u>

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### Property, plant and equipment

Our property, plant and equipment mainly comprise of plant and machinery which mainly represented our offset printing presses, toner-based digital printers and ink-jet printers, the aggregate net book value of which accounted for approximately 97.8%, 94.6% and 89.9% of the total net book value of our property, plant and equipment as at 31 March 2016, 31 March 2017 and 31 October 2017, respectively. The decrease in the net book value of our property, plant and equipment from approximately HK\$16.2 million as at 31 March 2017 to approximately HK\$14.1 million as at 31 October 2017 was mainly due to the depreciation charge of approximately HK\$2.9 million in 7M of FY2018.

### Deposits for acquisition of non-current assets

As at 31 March 2017, we had deposits for acquisition for non-current assets of approximately HK\$0.4 million, of which approximately HK\$0.3 million represented deposit payment for a human resources system (“**HR System**”) and approximately HK\$0.1 million represented deposit payment for a motor vehicle. The balance as at 31 October 2017 represented deposit for an accounting software.

### Intangible asset

During 7M of FY2018, we paid the remaining instalment for our HR System and the entire cost of the HR System was reclassified as intangible asset. As at 31 October 2017, our intangible asset represented the cost of the HR System less amortisation charge.

### Inventories

The following table sets forth the breakdown of our inventories as at 31 March 2016, 31 March 2017 and 31 October 2017.

	As at 31 March		As at
	2016	2017	31 October
	HK\$'000	HK\$'000	2017
			HK\$'000
Raw materials	2,068	1,579	1,655
Work in progress	659	545	1,911
Finished goods	237	505	472
Consumable stores	—	634	658
<b>Total</b>	<u>2,964</u>	<u>3,263</u>	<u>4,696</u>

Our raw materials accounted for approximately 69.8%, 48.4% and 35.2% of our total inventories as at 31 March 2016, 31 March 2017 and 31 October 2017, respectively. Our raw materials mainly comprised paper, zinc printing plates and ink. We maintain the minimum level of inventory of our raw



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materials and procure raw materials from our suppliers taking into account factors such as our production needs and inventory level. To meet our present and future production needs, we closely monitor the inventory level of the raw materials and place orders when we are aware of insufficiency of raw materials in our inventory.

Work in progress mainly represented our printing products which have not been completed. The increase in work in progress as at 31 October 2017 was mainly a result of more printing orders received closer to the period end, which had not yet been completed as at 31 October 2017. As at the Latest Practicable Date, approximately HK\$1.9 million, or approximately 97.5% of our work in progress as at 31 October 2017 had been sold and invoiced.

Our consumable stores as at 31 March 2017 and 31 October 2017 mainly represented parts for the repair and maintenance of our offset printing presses.

The table below sets forth the average inventory turnover days for the years/period indicated.

	<b>For the year ended 31 March 2016</b>	<b>For the year ended 31 March 2017</b>	<b>For the seven months ended 31 October 2017</b>
Average inventory turnover days (Note)	10.0	11.1	14.0

*Note:* Average inventory turnover days is calculated as the average of the beginning and ending inventory balances for the year/period, divided by the cost of sales for that year/period, multiplied by 365 days for FY2016 and FY2017, and by 213 days for 7M of FY2018.

Up to the Latest Practicable Date, approximately HK\$3.9 million (or approximately 82.7%) of our inventories as at 31 October 2017 had been utilised or sold.

### Trade and other receivables

#### (i) *Trade receivables*

The table below sets out the balance of our trade receivables as at the balance sheet dates indicated.

	<b>As at 31 March 2016 HK\$'000</b>	<b>As at 31 March 2017 HK\$'000</b>	<b>As at 31 October 2017 HK\$'000</b>
Trade debtors	8,596	9,059	13,896
Less: allowance for doubtful debts	<u>(54)</u>	<u>(54)</u>	<u>(95)</u>
<b>Total</b>	<u><u>8,542</u></u>	<u><u>9,005</u></u>	<u><u>13,801</u></u>

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Our trade receivables mainly represented receivables from our credit customers and corporate customers for the provision of our printing services. Our trade receivables (net of allowance for doubtful debts) increased by approximately HK\$0.5 million, or approximately 5.4%, from approximately HK\$8.5 million as at 31 March 2016 to approximately HK\$9.0 million as at 31 March 2017. Such increase was generally in line with our increase in revenue in FY2017. The increase in our trade receivables (net of allowance for doubtful debts) to approximately HK\$13.8 million as at 31 October 2017 was contributed by the fact that certain of our credit customers in 7M of FY2018 took a longer time to settle their balances due to us. As a result, the aging of our trade receivables as at 31 October 2017 had increased as compared to that of 31 March 2017 and our average trade receivable turnover days increased to approximately 30.2 days in 7M of FY2018 (FY2017: 23.9 days).

The table below sets forth the aging analysis of our trade receivables (net of allowance for doubtful debts) based on invoice date, as at the relevant balance sheet dates indicated.

	<b>As at 31 March</b>		<b>As at</b>
	<b>2016</b>	<b>2017</b>	<b>31 October</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 month	4,702	5,112	5,236
1 to 2 months	1,553	1,628	4,068
2 to 3 months	1,174	839	1,743
Over 3 months	<u>1,113</u>	<u>1,426</u>	<u>2,754</u>
<b>Total</b>	<u><u>8,542</u></u>	<u><u>9,005</u></u>	<u><u>13,801</u></u>

The table below sets forth the average trade receivable days for the years/period indicated.

	<b>For the year ended</b>		<b>For the seven</b>
	<b>31 March</b>		<b>months ended</b>
	<b>2016</b>	<b>2017</b>	<b>31 October</b>
			<b>2017</b>
Average trade receivable turnover days (Note)	24.2	23.9	30.2

*Note:* Average trade receivable turnover days is calculated as the average of the beginning and ending trade receivable balances for the year/period, divided by the revenue for that year/period, multiplied by 365 days for FY2016 and FY2017, and by 213 days for 7M of FY2018.

The general credit terms of our Group range from within 30 to 90 days from invoice date. Our Group reviews receivables on regular basis for evidence of impairment on both an individual and collective basis. During the Track Record Period, we recorded provision for impairment loss on trade receivables of approximately HK\$166,000 and wrote off trade receivables of approximately HK\$71,000. Our trade receivables as at each of 31 March 2016, 31 March 2017 and 31 October 2017 comprised more than 500 customers. As at 31 October 2017, among our trade receivables of

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approximately HK\$13.8 million, save for one customer which had outstanding balance of approximately HK\$1.0 million (of which approximately HK\$0.6 million of this had been settled as at the Latest Practicable Date), none of our customers as at 31 October 2017 accounted for more than 5% of our trade receivables balance as at 31 October 2017 and the majority of our customers as at 31 October 2017 each contributed to less than 1.0% of our trade receivables balance as at 31 October 2017. As at the Latest Practicable Date, approximately HK\$10.8 million, or approximately 78.3% of our trade receivables as at 31 October 2017 had been settled, and approximately HK\$1.9 million, or approximately 70.2% of our trade receivables aged over 3 months as at 31 October 2017 of approximately HK\$2.8 million had been settled. Although the aging of our trade receivables increased as at 31 October 2017 to about 30 days from the average of about 24 days in the past during the Track Record Period, we consider that the overall credit profile of our trade receivables had not been worsen. There was no single customer accounted for more than 8% of the total receivables as at 31 October 2017 and the increase in average trade receivable turnover days was not due to non-payment of any customer. Based on such and the subsequent settlement received as at Latest Practicable Date, we consider that there is no requirement for any impairment loss as at 31 October 2017.

(ii) *Other receivables*

The table below sets out the balance of our prepayment, deposits and other receivables as at the balance sheet dates indicated.

	As at 31 March		As at
	2016	2017	31 October
	HK\$'000	HK\$'000	2017
			HK\$'000
Prepayment	217	1,182	2,988
Deposits	972	1,055	1,158
Other receivables	<u>348</u>	<u>262</u>	<u>4</u>
<b>Total</b>	<u><u>1,537</u></u>	<u><u>2,499</u></u>	<u><u>4,150</u></u>

Our prepayment mainly represented prepayment for insurance, sub-contracting fees and listing expenses. The increase in prepayment from approximately HK\$0.2 million as at 31 March 2016 to approximately HK\$1.2 million as at 31 March 2017 was mainly due to prepayment of listing expenses of approximately HK\$0.7 million during FY2017. Our prepayments balance of approximately HK\$3.0 million as at 31 October 2017 mainly represented prepayment of listing expenses of approximately HK\$2.6 million.

Our deposits mainly represented deposits for rental and utilities and amounted to approximately HK\$1.0 million, HK\$1.1 million and HK\$1.2 million as at 31 March 2016, 31 March 2017 and 31 October 2017, respectively.

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### **Amounts due from other related parties and amounts due to related companies**

We had amounts due from other related parties of approximately HK\$4.7 million, HK\$5.1 million and nil as at 31 March 2016, 31 March 2017 and 31 October 2017, respectively, and we had amounts due to related companies of approximately HK\$13.6 million, HK\$0.8 million and nil as at 31 March 2016, 31 March 2017 and 31 October 2017, respectively.

Our balances with related parties are unsecured, interest-free and recoverable/(repayable) on demand. All amounts due from other related parties and amounts due to related companies had been fully settled as at 31 October 2017.

### **Amounts due from/(to) directors**

As at 31 March 2016, 31 March 2017 and 31 October 2017, we had amounts due from directors of approximately HK\$0.6 million, HK\$1.7 million and nil, respectively, and amount due to a director of approximately HK\$1.6 million, HK\$1.8 million and nil, respectively.

Our balances with directors are unsecured, interest-free and recoverable/(repayable) on demand. Our amounts due from directors and amount due to a director had been fully settled as at 31 October 2017.

### **Obligations under finance leases**

We had obligations under finance leases of approximately HK\$3.4 million and HK\$3.8 million as at 31 March 2016 and 2017, respectively, which were attributable to certain of our toner-based digital printers that were under finance leases. As at 31 October 2017, our obligations under finance leases of approximately HK\$3.7 million were attributable to certain of our toner-based digital printers that were under finance leases of approximately HK\$3.2 million and motor vehicle that was under finance lease of approximately HK\$0.5 million.

### **Deferred tax liabilities**

We had deferred tax liabilities of approximately HK\$1.0 million, HK\$1.3 million and HK\$1.3 million as at 31 March 2016 and 2017 and 31 October 2017, respectively.

Our deferred tax liabilities of approximately HK\$1.0 million as at 31 March 2016 was attributable to deferred tax liabilities arising from temporary difference between depreciation allowances claimed and depreciation expense of approximately HK\$1.9 million, which mainly arose from the initial allowance claimed for plant and machinery acquired in the Universe Printing Business Transfer on 1 April 2015, offset by deferred tax assets mainly arising from tax losses carried forward for Universe Printing of approximately HK\$0.9 million.

Our deferred tax liabilities increased from approximately HK\$1.0 million as at 31 March 2016 to approximately HK\$1.3 million as at 31 March 2017. This was attributable to the net effect of (i) decrease in deferred tax liabilities arising from temporary difference between depreciation allowances claimed and depreciation expense of HK\$0.5 million, as such amount was charged to income tax expense; and (ii) utilisation of deferred tax assets arising from tax losses brought forward of HK\$0.9 million, as such tax loss amount was utilised and charged to income tax expense.

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There was no material fluctuation in our deferred tax liabilities during 7M of FY2018 as compared to that as at 31 March 2017. Our deferred tax liabilities amounted to approximately HK\$1.3 million as at 31 October 2017.

### Trade and other payables

#### (i) Trade payables

Our trade payables represented amounts due to our suppliers for the purchase of raw materials and amounts due to our sub-contractors, and amounted to approximately HK\$15.1 million, HK\$16.7 million and HK\$17.4 million as at 31 March 2016 and 2017 and 31 October 2017, respectively. The credit period granted to us by suppliers generally ranges from 30 to 90 days. The following table sets forth an aging analysis of our trade payables based on invoice date as at the relevant balance sheet dates indicated.

	As at 31 March		As at
	2016	2017	31 October
	HK\$'000	HK\$'000	2017
			HK\$'000
Within 1 month	6,066	6,317	10,762
1 to 2 months	2,539	7,066	2,908
2 to 3 months	3,375	2,867	1,553
Over 3 months	<u>3,165</u>	<u>471</u>	<u>2,157</u>
<b>Total</b>	<u><u>15,145</u></u>	<u><u>16,721</u></u>	<u><u>17,380</u></u>

The following table sets forth our average trade payables turnover days for the years/period indicated.

	For the year ended		For the seven
	31 March		months ended
	2016	2017	31 October
			2017
Average trade payable turnover days (Note)	66.2	56.7	59.8

*Note:* Average trade payable turnover days is calculated as the average of the beginning and ending trade payables for the year/period, divided by the cost of sales for that year/period, multiplied by 365 days for FY2016 and FY2017, and 213 days for 7M of FY2018.

Our average trade payable turnover days were 66.2 days, 56.7 days and 59.8 days for FY2016, FY2017 and 7M of FY2018, respectively, and within the credit terms offered to us by our suppliers. The decrease in average trade payable turnover days in FY2017 was mainly due to the increase in the portion of trade payables that were due to sub-contractors, who generally have shorter credit periods as compared to those of our raw material suppliers.

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Up to the Latest Practicable Date, approximately HK\$17.4 million, or approximately 99.9%, of our trade payables as at 31 October 2017 had been settled.

### (ii) *Other Payables*

The table below sets out the balance of our accruals, other payables and receipts in advance from customers as at the balance sheet dates indicated.

	As at 31 March		As at
	2016	2017	31 October
	HK\$'000	HK\$'000	2017
			HK\$'000
Accruals	2,425	2,647	4,485
Other payables	1,353	1,508	1,402
Receipts in advance from customers	866	1,382	2,961
<b>Total</b>	<u>4,644</u>	<u>5,537</u>	<u>8,848</u>

Our accruals as at 31 March 2016 and 2017 mainly represented accruals for staff cost, which amounted to approximately HK\$2.1 million and HK\$2.2 million, respectively. The remaining accruals mainly represented accruals for professional fee. Our accruals as at 31 October 2017 of approximately HK\$4.5 million mainly represented accruals for staff costs of approximately HK\$2.4 million and accruals for listing expenses of approximately HK\$1.4 million.

Our other payables mainly represented provision for long service payment for our staff, which amounted to approximately HK\$1.4 million, HK\$1.5 million and HK\$1.4 million as at 31 March 2016, 31 March 2017 and 31 October 2017, respectively.

Receipts in advance from customers mainly represent advanced payments from our Non-Credit Customers and deposit from our Credit Customers, who are generally required to pay in full or pay a deposit upon confirmation of order. The balance will be settled at the time of the customer collecting or receiving the finished products. As at 31 October 2017, our receipts in advance from customers was approximately HK\$3.0 million advanced payments and deposits from more than 400 customers.

### **Tax payable**

We had tax payable of approximately HK\$0.2 million, HK\$1.0 million and HK\$1.8 million as at 31 March 2016, 31 March 2017 and 31 October 2017, respectively, which represented provision for Hong Kong profits tax. The small tax payable as at 31 March 2016 was mainly due to Universe Printing being in a tax loss position in FY2016 and as such did not have assessable profits in FY2016. As the tax loss of Universe Printing was utilised and Universe Printing had assessable profits in FY2017, our Group's current tax payable as at 31 March 2017 increased.

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## FINANCIAL INFORMATION

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For Startec Colour Separation Printing, the first tax return was received in October 2016 in respect of the year of assessment 2015/2016. Startec Colour Separation Printing appointed KPMG Tax Limited as tax representative and completed the submission of tax computation to the Hong Kong Inland Revenue Department (“HKIRD”) in February 2017. In November 2017, Startec Colour Separation Printing had received the notice of assessment in respect of the year of assessment 2015/2016 from the HKIRD. The tax payable in respect of the year of assessment 2015/2016 was settled in December 2017.

Print Shop Limited reported to the HKIRD in January 2017 that it generated taxable profits for FY2016 and appointed KPMG Tax Limited as tax representative in February 2017. Print Shop Limited had received the tax return in respect of the year of assessment 2015/2016 from the HKIRD in August 2017 and submitted the tax computation in respect of the year of assessment 2015/2016 in September 2017. Subject to assessment process of HKIRD, the tax payable in respect of the year of assessment 2015/2016 is expected to be settled in the second quarter of 2018.

For Universe Printing, the first tax return was received in October 2016 in respect of the year of assessment 2015/2016. Universe Printing appointed KPMG Tax Limited as tax representative in February 2017 and completed the submission of tax computation to the HKIRD in March 2017. As at the Latest Practicable Date, Universe Printing had not received the notice of assessment in respect of the year of assessment 2015/2016 from the HKIRD and our Group does not expect any material difference in the tax computation submitted by Universe Printing and that of HKIRD. Universe Printing, being in a tax loss position in FY2016, did not have assessable profits in FY2016.

For the year of assessment 2016/17, the deadline for submission of tax computation to the HKIRD is in November 2017. The submission of tax computations of the respective companies were completed in November 2017. The notices of assessment in respect of the year of assessment 2016/2017 are expected to be received in the second quarter of 2018, and the tax payable in respect of the year of assessment 2016/2017 is expected to be settled before the end of June 2018.

As the corresponding tax payable was not yet due, the tax provision was recorded as a current liability for FY2016 and FY2017. The increase in tax payable from approximately HK\$1.0 million as at 31 March 2017 to approximately HK\$1.8 million as at 31 October 2017 was mainly due to the taxable profit of certain operating entities of the Group of approximately HK\$0.7 million in 7M of FY2018.

### Commitments

#### *Operating lease commitments*

Our operating lease commitments represent rentals payable by us for our leased properties. Lease terms are negotiated for terms ranging typically from one to two years and do not include contingent rentals.

## FINANCIAL INFORMATION

As at 31 March 2016 and 2017, 31 October 2017 and 31 January 2018, our future minimum lease payments under non-cancellable operating leases are payable as follows:

	As at		As at	As at
	As at 31 March	31 October	31 January	
	2016	2017	2017	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within 1 year	3,127	3,517	7,288	6,981
After 1 year but within 5 years	<u>589</u>	<u>1,810</u>	<u>6,168</u>	<u>4,906</u>
<b>Total</b>	<u><u>3,716</u></u>	<u><u>5,327</u></u>	<u><u>13,456</u></u>	<u><u>11,887</u></u>

### *Capital commitments*

As at 31 March 2016, our Group had no capital commitments. As at 31 March 2017, our Group had capital commitments representing motor vehicle contracted but not provided for of approximately HK\$0.7 million.

As at 31 October 2017, our Group had capital commitments of approximately HK\$0.1 million for the acquisition of accounting software.

As at 31 January 2018, our Group had capital commitments of approximately HK\$0.1 million for the acquisition of accounting software.

### **Indebtedness Statement**

At the close of business on 31 January 2018 (the “**Indebtedness Date**”), being the latest practicable date for the purpose of liquidity disclosure of this prospectus, we had certain obligations under finance leases of approximately HK\$3.7 million.

The obligations under finance leases were secured by the lessor’s charge over the leased assets.

Save as disclosed above and apart from normal trade payables, at the Indebtedness Date, we did not have any:

- (i) debt securities issued and outstanding, and authorised or otherwise created but unissued, and term loans (whether they are guaranteed, unguaranteed, secured (where the security is provided by the Company or by third parties) or unsecured);
- (ii) other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments (whether they are guaranteed, unguaranteed, secured (where the security is provided by the Company or by third parties) or unsecured);



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## FINANCIAL INFORMATION

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(iii) mortgages and charges; or

(iv) contingent liabilities or guarantees.

Save as disclosed herein, we did not, as at 31 January 2018, have any outstanding loan capital, borrowings (including bank overdrafts, liabilities under acceptances, acceptance credits and other guarantees), mortgages or charges and other similar indebtedness and contingent liabilities. Our Directors confirm that there have been no material adverse charges in our indebtedness and contingent liabilities since 31 January 2018 and up to the date of this prospectus. As at the Latest Practicable Date, the Group does not have any banking facilities.

### Contingent liabilities

As of the Latest Practicable Date, we did not have any material contingent liabilities or guarantees. We are not currently involved in any material legal proceedings, nor are we aware of any pending or potential material legal proceedings involving us.

### KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the years/period and as at the balance sheet dates indicated.

	Year ended/as at 31 March		Seven months ended/as at 31 October
	2016	2017	2017
Return on equity ( <i>Note 1</i> )	110.4%	12.0%	N/A
Return on total assets ( <i>Note 2</i> )	11.8%	5.7%	N/A
Current ratio ( <i>Note 3</i> )	0.7	1.6	1.5
Net debt to equity ratio ( <i>Note 4</i> )	N/A	N/A	N/A
Gearing ratio ( <i>Note 5</i> )	0.7	0.1	0.2

#### Notes

1. Profit for the year divided by total equity.
2. Profit for the year divided by total assets.
3. Total current assets divided by total current liabilities.
4. Net debt divided by total equity. Net debt is defined as the sum of borrowings and obligations under finance leases, minus cash and cash equivalents.
5. Total debt divided by total equity. Total debt is defined as the sum of borrowings and obligations under finance leases.

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## FINANCIAL INFORMATION

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### Return on equity

Our return on equity was approximately 110.4% and 12.0% for FY2016 and FY2017, respectively. The significant decrease in return on equity in FY2017 was mainly due to the significant increase in our total equity, which increased from approximately HK\$4.8 million as at 31 March 2016 to approximately HK\$28.2 million as at 31 March 2017. Our equity substantially increased as a result of the increase in the paid up capital of approximately HK\$20.0 million and profit for the year of approximately HK\$3.4 million.

Excluding the listing expenses from our Net Profit in FY2017, we would have recorded return on equity of approximately 19.7% in FY2017.

We recorded net loss in 7M of FY2018. Excluding the listing expenses from our net loss in 7M of FY2018, we would have recorded a net profit of approximately HK\$3.0 million and our return on equity would be approximately 21.4% for 7M of FY2018 on an annualised basis.

### Return on total assets

Our return on total assets was approximately 11.8% and 5.7% for FY2016 and FY2017, respectively. Excluding the listing expenses from our Net Profit in FY2017, we would have recorded return on total assets of approximately 9.4% in FY2017.

We recorded net loss in 7M of FY2018. Excluding the listing expenses from our net loss in 7M of FY2018, we would have recorded a net profit of approximately HK\$3.0 million and our return on total assets would be approximately 8.9% for 7M of FY2018 on an annualised basis.

### Current ratio

Our current ratio was approximately 0.7 and 1.6 as at 31 March 2016 and 2017, respectively. Such increase was due to the combined effect of the increase in our current assets and the decrease in our current liabilities. Our current assets increased by approximately HK\$18.5 million from 31 March 2016 to 31 March 2017, which was mainly attributable to the increase in cash and cash equivalents of approximately HK\$15.2 million, mainly as a result of the proceeds received from the Pre-IPO Investments. Our current liabilities decreased by approximately HK\$9.0 million, which was mainly attributable to the decrease in amount due to related companies of approximately HK\$12.8 million.

The current ratio as at 31 October 2017 of approximately 1.5 remained relatively stable as compared to the current ratio as at 31 March 2017 of approximately 1.6.

### Gearing ratio

As at 31 March 2016 and 2017, we had gearing ratio of approximately 0.7 and 0.1, which was attributable to our obligations under finance lease. The decrease in gearing ratio was mainly due to the substantial increase in our equity in FY2017 as explained above.

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## FINANCIAL INFORMATION

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The gearing ratio as at 31 October 2017 of approximately 0.2 remained relatively stable as compared to the gearing ratio as at 31 March 2017 of approximately 0.1.

### LISTING EXPENSES

The total listing expenses in relation to the Share Offer (based on the mid-point of the Offer Price range stated in this prospectus), mainly comprising fees paid or payable to professional parties and underwriting fees and commission, are expected to be approximately HK\$22.3 million. During the Track Record Period, we incurred listing expenses of approximately HK\$12.1 million of which (i) approximately HK\$9.5 million was recognised as expenses in the consolidated statements of profit or loss and other comprehensive income; and (ii) approximately HK\$2.6 million was recognised as prepayments in the consolidated statements of financial position and will be accounted for as a deduction from equity upon Listing. We expect to further incur listing expenses in the amount of approximately HK\$10.2 million prior to and upon completion of the Share Offer, of which, (i) approximately HK\$4.3 million is expected to be recognised as expenses in our consolidated statements of profit or loss and other comprehensive income for FY2018; and (ii) approximately HK\$5.9 million is expected to be capitalised as prepayments and charged against equity upon completion of the Share Offer under the relevant accounting standards.

### WORKING CAPITAL CONFIRMATION

Our Directors are of the opinion that, taking into account the financial resources available to our Group presently including our operating cash flow and the net proceeds available to us from the Share Offer, our Group has sufficient working capital for our present requirements and for at least the next 12 months from the date of this prospectus.

### RELATED PARTY TRANSACTIONS

With respect to the related party transactions set out in note 25 to the Accountants' Report as contained in Appendix I of this prospectus, our Directors confirm that these transactions were conducted on normal commercial terms.

For the details of related party transactions, please refer to note 25 to the Accountants' Report as contained in Appendix I to this prospectus.

### OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As at the Latest Practicable Date, we have not entered into any material off-balance sheet transaction.

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## FINANCIAL INFORMATION

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### QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

In the normal course of business, we are exposed to various types of market risks including the followings.

#### Credit risk

The credit risk exposed to our Group mainly arises from trade receivables from customers and bank deposits. Our Group regularly reviews the credit trading accounts of our credit customers and reviews the recoverable amount of each individual trade debt regularly to ensure that we recognise adequate impairment losses for irrecoverable debts. Our Group also has a diversified customer base and for FY2016, FY2017 and 7M of FY2018, our top five customers generated revenue representing approximately 5.6%, 5.6% and 6.9% of our total revenue, respectively. In this regard, our Directors consider that our credit risk is significantly reduced.

As our cash is deposited with financial institutions with sound credit ratings, we believe that the credit risk in relation thereto is negligible.

#### Liquidity risk

Liquidity risk is the risk that our Group will not be able to meet our obligations associated with our financial liabilities when they become due. In particular, our liquidity risk mainly arises from settlement of trade and other payables and our cash flow management. Our policy is to regularly monitor current and expected liquidity requirements to ensure that our Group maintains sufficient reserves of cash to meet its liquidity requirements in the short or longer term. The maturity analysis based on contractual undiscounted cash flows of our financial liabilities is set out in note 23(b) of the Accountants' Report in Appendix I to this prospectus.

### DIVIDEND

We have not declared or paid any dividends during the Track Record Period and up to the Latest Practicable Date.

Our Group currently does not have a fixed dividend policy. Dividends to be declared and paid in the future will be subject to our Directors' discretion and will depend on our financial conditions, results of operations, cash availability, statutory and regulatory restrictions in relation thereto, future prospects, and any other factors that our Directors may consider relevant. Any declaration and payment as well as the amount of the dividends will be subject to our constitutional documents and the relevant laws.

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## **FINANCIAL INFORMATION**

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### **DISTRIBUTABLE RESERVES**

Our Company was incorporated on 27 April 2017. As at 31 October 2017, our Company did not have any distributable reserves available for distribution to our Shareholders.

### **NO MATERIAL ADVERSE CHANGE**

Save as disclosed in “Summary — Recent development after the Track Record Period”, our Directors have confirmed that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since 31 October 2017, being the date on which the latest audited consolidated financial statements of our Group were made up, and there is no event since 31 October 2017 which would materially affect the information shown in the Accountants’ Report set out in Appendix I to this prospectus.

### **DISCLOSURE REQUIRED UNDER THE GEM LISTING RULES**

Our Directors confirm that as at the Latest Practicable Date, there are no circumstances which would have given rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

### **UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS**

Please see “A. Unaudited pro forma statement of adjusted net tangible assets” in Appendix II to this prospectus.

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## FUTURE PLANS AND USE OF PROCEEDS

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### BUSINESS OBJECTIVES AND STRATEGIES

Please refer to “Business — Business strategies” in this prospectus for our Group’s business objectives and strategies.

### BASES AND ASSUMPTIONS

Potential investors should note that the attainability of our business objectives depends on the following general assumptions and specific assumptions:

- The Share Offer will proceed in accordance with “Structure and Conditions of the Share Offer” in this prospectus. The net proceeds from the Share Offer, which are based on the Offer Price of HK\$0.22 per Offer Share (being the mid-point of the indicative Offer Price range), after deducting related expenses, are estimated to be approximately HK\$27.2 million;
- there will be no material changes in the existing political, legal, fiscal, social or economic conditions in Hong Kong or in any other places in which any member of our Group carries on its business or will carry on its business;
- we continue our existing operations in substantially the same manner as they were carried out during the Track Record Period and we will also be able to carry out our development plans without material disruptions;
- there will be no material changes in the bases or rates of taxation applicable to our Group;
- there will be no material changes in legislation or regulations whether in Hong Kong or elsewhere materially affecting the business carried on by our Group;
- our Group is able to retain its customers and suppliers;
- our Group is able to retain key staff in the management and the main operational departments;
- there will be no material changes in the funding required for each of the scheduled achievements as outlined in the sub-section headed “Future Plans and Use of Proceeds — Implementation plans” in this section;
- the Share Offer will be completed in accordance with and as set out in “Structure and Conditions of the Share Offer” in this prospectus;
- our Group will not be materially affected by the risk factors as set out under “Risk Factors” in this prospectus;
- there will be no material changes in existing accounting policies from those stated in the audited consolidated financial statements of our Group for the Track Record Period;

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## FUTURE PLANS AND USE OF PROCEEDS

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- our Group's operations, including its development plans, will not be interrupted by any force majeure, unforeseeable factors, extraordinary items or economic changes in respect of inflation, interest rate, tax rate and currency exchange rate in Hong Kong; and
- we will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which the business objectives relate.

### USE OF PROCEEDS

The net proceeds to be received by us from the Share Offer assuming an Offer Price of HK\$0.22 per Offer Share (being the mid-point of the Offer Price range of HK\$0.20 to HK\$0.24 per Offer Share), after deducting the related underwriting commission and the related expenses payable by our Company in the aggregate amount of approximately HK\$22.3 million in connection with the Share Offer, are estimated to be approximately HK\$27.2 million. We intend to apply such net proceeds from the Share Offer as follows:

- approximately HK\$12.1 million (or approximately 44.5% of the net proceeds) will be used for the partial payment of the purchase price of a five-colour offset press in order to enhance our production capability;
- approximately HK\$11.9 million (or approximately 43.7% of the net proceeds) will be used for the partial payment of the purchase price of a hybrid printer in order to enhance our production capacity;
- approximately HK\$2.2 million (or approximately 8.1% of the net proceeds) will be used to fund the expansion of our store network by opening seven additional stores in addition to our existing 22 stores; and
- approximately HK\$1.0 million (or approximately 3.7% of the net proceeds) will be used to upgrade our information technology systems.

### IMPLEMENTATION PLANS

Our Group's implementation plans are set forth below for the period from the Listing Date to 30 September 2018 and each of the subsequent six-month periods until 31 March 2020. Investors should note that the implementation plans and their scheduled times for attainment are formulated on the bases and assumptions referred to in the sub-section headed "Future Plans and Use of Proceeds — Bases and assumptions" in this section. These bases and assumptions are inherently subject to many uncertainties, variables and unpredictable factors, in particular the risk factors set out in "Risk Factors" in this prospectus. Our Group's actual course of business may vary from the business objective set out in this prospectus. There can be no assurance that the plans of our Group will

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## FUTURE PLANS AND USE OF PROCEEDS

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materialise in accordance with the expected time frame or that the objective of our Group will be accomplished at all. Based on our Group's business objectives, our Directors intend to carry out the following implementation plans:

### From the Listing Date to 30 September 2018

Business strategy	Implementation activities
Enhancing our production capability and capacity	<ul style="list-style-type: none"><li>• Purchase of a five-colour offset press for replacement</li></ul>
Enhancing our production capability and capacity	<ul style="list-style-type: none"><li>• Purchase of a hybrid printer as an additional machine</li></ul>
Expanding the geographical coverage of our store network	<ul style="list-style-type: none"><li>• Addition of two new stores by entering into lease agreements for the opening of such new stores</li></ul>
Upgrading our information technology systems	<ul style="list-style-type: none"><li>• Upgrading our information technology systems</li></ul>

### From 1 October 2018 to 31 March 2019

Business strategy	Implementation activities
Expanding the geographical coverage of our store network	<ul style="list-style-type: none"><li>• Addition of one new store by entering into a lease agreement for the opening of such new store</li></ul>

### From 1 April 2019 to 30 September 2019

Business strategy	Implementation activities
Expanding the geographical coverage of our store network	<ul style="list-style-type: none"><li>• Addition of two new stores by entering into lease agreements for the opening of such new stores</li></ul>

### From 1 October 2019 to 31 March 2020

Business strategy	Implementation activities
Expanding the geographical coverage of our store network	<ul style="list-style-type: none"><li>• Addition of two new stores by entering into lease agreements for the opening of such new stores</li></ul>



## FUTURE PLANS AND USE OF PROCEEDS

The following table sets forth a breakdown of how the net proceeds to be received by us from the Share Offer are intended to be applied and the timing of application:

	From the Listing Date to 30 September 2018 (HK\$ million)	From 1 October 2018 to 31 March 2019 (HK\$ million)	From 1 April 2019 to 30 September 2019 (HK\$ million)	From 1 October 2019 to 31 March 2020 (HK\$ million)	Total (HK\$ million)
Purchase of a five-colour offset press	12.1	—	—	—	12.1
Purchase of a hybrid printer	11.9	—	—	—	11.9
Expanding the geographical coverage of our store network	0.6	0.3	0.6	0.6	2.2*
Upgrading our information technology systems	1.0	—	—	—	1.0
					27.2

\* Rounding adjustment

## REASONS FOR THE LISTING AND SHARE OFFER

The primary reasons for the Listing are to allow us to raise funds for (i) the acquisition of new technologically advanced production machinery in order to maintain our competitiveness; and (ii) to maintain our market share in the business printing market in Hong Kong.

As a printing service provider, the type of production machinery which we possess is a crucial factor in determining our business model and our performance. According to the Frost & Sullivan Report, the business printing industry of Hong Kong is fragmented and competitive. Being able to compete in such business environment necessitates us to constantly stay at the forefront of technology in terms of our production machinery so as to maintain our edge in, among others, production capability and capacity. As such, we believe that investing in advanced production machinery would allow us to maintain our competitiveness. As at the Latest Practicable Date, we had four offset presses, one of such presses was acquired by us in 2007 and is nearing the end of its useful life expectancy and one of which was acquired by us in 2009 and had an estimated remaining lifespan of one year only. To enhance our production capability and capacity, we also propose to acquire a hybrid printer. It is for these reasons that the vast majority of the net proceeds from the Share Offer (of over 80%) are intended to be used for the acquisition of advanced production machinery possessing the advanced technological features. These new acquisitions will allow us to enhance our production capability and capacity, enabling us to offer more printing options to meet the trends of the industry and reducing our need to sub-contract various production processes in the future.

Our decision to invest in new advanced production machinery is reinforced by our belief that the business printing market still offers healthy growth prospects, with a projected growth with a CAGR of approximately 3.8% between 2017 and 2021, based on the Frost & Sullivan Report. Although the initial upfront capital investment in the printing market is high primarily due to the costs of the

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## FUTURE PLANS AND USE OF PROCEEDS

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production machinery, after the initial investment in the production machinery, we will require relatively low capital input and hence subsequent capital investment will be relatively lower to support our potential growth in the coming years. The Listing will allow us to raise the necessary funding to support the initial upfront capital investment in the new five-colour offset press and new hybrid printer, the acquisition of which is crucial to maintain our edge in, among others, production capability and capacity, laying a good foundation for our future growth. If we are able to capture higher growth in the market and gain a higher market share, we will be able to generate a higher return to our shareholders after Listing.

The Directors also believe that the Listing will enhance our corporate profile and the net proceeds from the Share Offer will strengthen our overall financial position and will enable our Group to implement our business plans set out in “Business — Business strategies” in this prospectus and the sub-section headed “Future Plans and Use of Proceeds — Implementation plans” in this section.

In order to maintain our market position and to capture the growth of the business printing services market in Hong Kong, our Directors are of the view that apart from the investment in production machinery, we should also keep investing in our business and raise additional capital for, in particular, expanding the geographical coverage of our store network, and the maintenance and upgrading of our information technology systems as such areas are also important to maintain our competitiveness in the market and capture future growth.

Prior to the Listing, funding of our business activities was primarily from our internally generated cash flow and lease financing. Hence, our Directors believe that the Listing is essential for the future development and expansion of our Group as not only can it broaden our equity financing alternatives to cover public investors, offering our Group access to capital market for corporate finance exercises to assist future business development, but also enable us to seek bank financing at more favourable terms to finance our future business needs.

Our Directors are of the view that the Listing and the Share Offer will provide our Company with a more diversified shareholder base which could potentially lead to a more liquid market in the trading of the Shares. With the appointment of our independent non-executive Directors, we also believe our internal control and corporate governance practices will be enhanced following the Listing.

Apart from the listing of our Shares on GEM, our Directors have considered other fund raising options for our business plans, including debt financing and investor introduction. Our Directors consider that debt financing may incur additional interests and thus impose further financial burden on our Group in the long run. Furthermore, debt financing may subject our Group to lengthy due diligence review and negotiations with the banks in respect of a private company. Our Directors have also considered inviting potential investors to invest in our Group. In this regard, we have conducted the Pre-IPO Investments and proceeds of HK\$20.0 million have been raised.

Based on the above, our Directors believe that the Listing will be a more suitable fund-raising means to provide our Group with readily available funds for our business plans.

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## UNDERWRITING

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### PUBLIC OFFER UNDERWRITERS

#### Joint Bookrunners and Joint Lead Managers

Ballas Capital Limited  
Changjiang Securities Brokerage (HK) Limited  
Infast Brokerage Limited  
Zhong Jia Securities Limited

#### Public Offer Underwriters

Ballas Capital Limited  
Changjiang Securities Brokerage (HK) Limited  
Infast Brokerage Limited  
Zhong Jia Securities Limited  
Pacific Foundation Securities Limited  
Sincere Securities Limited  
Easy One Securities Limited

### UNDERWRITING ARRANGEMENTS, COMMISSIONS AND EXPENSES

#### Public Offer

#### Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, our Company has agreed to initially offer 22,500,000 new Shares for subscription by members of the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms.

Subject to, among other conditions, the granting of the approval for the listing of, and permission to deal in, all the Shares in issue and any Shares to be issued as mentioned in this prospectus by the Stock Exchange and certain other conditions set out in the Public Offer Underwriting Agreement, the Public Offer Underwriters have severally, but not jointly nor jointly and severally, agreed to subscribe or procure subscribers for their respective applicable proportions of the Public Offer Shares which are not taken up under the Public Offer on the terms and conditions of this prospectus, the Application Forms and the Public Offer Underwriting Agreement. In addition, the Public Offer Underwriting Agreement is conditional on and subject to the Placing Underwriting Agreement having been executed, becoming, and continuing to be, unconditional and not having been terminated.

#### Grounds for termination

The respective obligations of the Public Offer Underwriters to subscribe, or procure subscribers for, the Public Offer Shares under the Public Offer Underwriting Agreement are subject to termination. The Joint Lead Managers shall have the absolute right to terminate, acting jointly, the Public Offer Underwriting Agreement by notice in writing to our Company with immediate effect if at any time prior to 8:00 a.m. on the Listing Date:

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## UNDERWRITING

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- (a) there has come to the notice of the Joint Lead Managers or any of the Public Offer Underwriters, among other matters:
- (i) any matter or event showing any of the representations, warranties and undertakings contained in the Public Offer Underwriting Agreement to be untrue, inaccurate or misleading in any material respect when given or repeated or there has been a material breach of any of the representations, warranties and undertakings contained in the Public Offer Underwriting Agreement or any other provisions of the Public Offer Underwriting Agreement by any party thereto (other than the Sponsor, the Joint Lead Managers and the Public Offer Underwriters) which, in any such cases, is considered, in the absolute opinion of the Joint Lead Managers, to be material in the context of the Share Offer; or
  - (ii) any statement contained in this prospectus and the Application Forms, the post hearing information pack, the formal notice and any announcements issued by our Company (including any supplement or amendment to each of the said documents) has become or been discovered to be untrue, incorrect or misleading in any material respect which is considered, in the absolute opinion of the Joint Lead Managers, to be material in the context of the Share Offer; or
  - (iii) any event, series of events, matter or circumstance occurs or arises on or after the date of the Public Offer Underwriting Agreement and before 8:00 a.m. on the Listing Date, being an event, matter or circumstance which, if it had occurred before the date of the Public Offer Underwriting Agreement, would have rendered any of the representations, warranties and undertakings contained in the Public Offer Underwriting Agreement untrue, incorrect or misleading in any material respect, and which is considered, in the absolute opinion of the Joint Lead Managers, to be material in the context of the Share Offer; or
  - (iv) any matter which, had it arisen or been discovered immediately before the date of this prospectus and not having been disclosed in this prospectus, would have constituted, in the absolute opinion of the Joint Lead Managers, a material omission in the context of the Share Offer; or
  - (v) any event, act or omission which gives or is likely to give rise to any liability of a material nature of our Company or any of the executive Directors or our Controlling Shareholder arising out of or in connection with the breach of any of the representations, warranties and undertakings contained in the Public Offer Underwriting Agreement; or
  - (vi) any breach by any party to the Public Offer Underwriting Agreement (other than the Sponsor, the Joint Lead Managers and the Public Offer Underwriters) of any provision of the Public Offer Underwriting Agreement which, in the absolute opinion of the Joint Lead Managers, is material in the context of the Share Offer; or

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## UNDERWRITING

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- (b) there shall have developed, occurred, existed, or come into effect any event or series of events, matter or circumstance whether occurring or continuing before, on and/or after the date of the Public Offer Underwriting Agreement and including an event or change in relation to or a development of an existing state of affairs concerning or relating to any of the following:
- (i) any new law or regulation or any change in existing laws or regulations, or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong, the Cayman Islands or any of the jurisdictions in which our Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or any other jurisdiction relevant to the business and/or operation of our Group (the “**Relevant Jurisdictions**”); or
  - (ii) any change in, or any event or series of events or development resulting or likely to result in any change in local, regional or international financial, equity securities, currency, political, military, industrial, economic, stock market or other market conditions or prospects in or affecting the Relevant Jurisdictions; or
  - (iii) any change in the system under which the value of the HK dollars is linked to that of the US dollars; or
  - (iv) the imposition of any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
  - (v) any change or development involving a prospective change in taxation or exchange control (or the implementation of any exchange control) in the Relevant Jurisdictions; or
  - (vi) any change or prospective change in the business or in the financial or trading position or prospects of any member of our Group of material importance; or
  - (vii) the imposition of economic sanction or withdrawal of trading privileges, in whatever form, by the Relevant Jurisdictions; or
  - (viii) a general moratorium on commercial banking activities or disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance service in or affecting the Relevant Jurisdictions or New York, London or the PRC; or
  - (ix) any event of force majeure including, without limiting the generality thereof, any act of God, military action, riot, public disorder, civil commotion, fire, flood, tsunami, explosion, epidemic, terrorism (whether or not responsibility has been claimed), strike or lock-out; or

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## UNDERWRITING

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- (x) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or crisis involving or affecting the Relevant Jurisdictions; or
- (xi) a valid demand by any creditor for repayment or payment of any material indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or
- (xii) any material loss or damage sustained by any member of our Group (howsoever caused and whether or not the subject of any insurance or claim against any person); or
- (xiii) a petition is presented for the winding-up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or
- (xiv) any litigation or claim of material importance of any third party being instigated or threatened against any member of our Group,

which, in the absolute opinion of the Joint Lead Managers:

- (i) is or will be, or is likely to be, materially adverse to the business, financial, trading or other conditions or prospects of our Group taken as a whole or any member of our Group; or
- (ii) has or will have or is likely to have a material adverse effect on the success of the Share Offer as a whole or the level of the Offer Shares being demanded, applied for or accepted or the distribution of the Offer Shares; or
- (iii) for any reason makes it impracticable or inadvisable or inexpedient for the Public Offer Underwriters to proceed with the Public Offer as a whole.

For the above purpose:

- (i) a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the US or any change of the value of Hong Kong currency under such system shall be taken as an event resulting in a change in currency conditions; and
- (ii) any market fluctuations, whether or not within the normal range, may be considered as a change of market conditions referred to above.

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## UNDERWRITING

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### Undertakings pursuant to the Public Offer Underwriting Agreement

#### *Undertakings by our Company*

Pursuant to the Public Offer Underwriting Agreement, our Company has undertaken to and covenanted with each of the Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters that our Company will not, and each of our Controlling Shareholder and executive Directors has jointly and severally undertaken to and covenanted with each of the Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters that he will procure our Company not to, without the prior written consent of the Sponsor and/or the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) and unless in compliance with the requirements of the GEM Listing Rules, except for the issue of Shares under the Share Offer, the Capitalisation Issue, the grant of any option under the Share Option Scheme, or the issue of Shares upon exercise of any option granted under the Share Option Scheme:

- (i) at any time during the period commencing on the date by reference to which disclosure of the shareholding of our Controlling Shareholder is made in this prospectus and ending on the date which is twelve months from the Listing Date (the “**First Lock-Up Period**”), offer, allot, issue, agree to allot or issue, sell, lend, assign, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any options, rights or warrants to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, or repurchase any of the share capital or other securities of our Company or any interest therein (including but not limited to any securities convertible into or exercisable or exchangeable for or that represent the right to receive any such share capital or securities or any interest therein), or enter into any swap, derivative, repurchase, lending, pledge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership of share capital or such other securities, in cash or otherwise, or publicly disclose that our Company will or may enter into any of the foregoing transactions (whether or not such transaction will be completed in the aforesaid period); and
- (ii) at any time during the period of twelve months commencing on the date on which the First Lock-Up Period expires (the “**Second Lock-Up Period**”), issue or grant (conditionally or unconditionally) any options or right to subscribe for or otherwise convert into or exchange for Shares or securities of our Company so as to result in our Controlling Shareholder ceasing to be a controlling shareholder (as defined in the GEM Listing Rules) of our Company,

and in the event our Company enters into any transaction specified in sub-paragraph (i) above during the Second Lock-Up Period (whether or not such transaction will be completed in the aforesaid period), it shall take all reasonable steps to ensure that any such transaction, agreement or, as the case may be, announcement will not create a disorderly or false market in the securities of our Company.

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## UNDERWRITING

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### *Undertakings by our Shareholders*

Pursuant to the terms of the Public Offer Underwriting Agreement, each of our Controlling Shareholder, Mr. Chia, Mr. Hsu, Mr. Leung, Mr. Wong and Mr. Wang has undertaken to and covenanted with each of our Company, the Sponsor, the Joint Lead Managers and the Public Offer Underwriters that he shall not, and will procure that none of his close associates or companies controlled by him or any nominee or trustee holding in trust for him shall at any time during the period commencing on the date by reference to which disclosure of his shareholding is made in this prospectus and ending on the date which is 24 months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the securities of our Company in respect of which he is shown by this prospectus to be the beneficial owner (whether direct or indirect).

Pursuant to the terms of the Public Offer Underwriting Agreement, each of Ms. Ip and Mr. Liu has voluntarily undertaken to our Company, the Sponsor, the Joint Lead Managers and the Public Offer Underwriters that he/she shall not at any time in the period commencing on the date by reference to which disclosure of his/her shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interest or encumbrances in respect of, any of the Shares held by him/her as shown in this prospectus.

All of the above undertakings cannot be waived.

### **Undertakings pursuant to the GEM Listing Rules**

#### *Undertakings by our Company*

Our Company has undertaken to the Stock Exchange that no further shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued or form the subject of any agreement to such an issue within six months from the Listing Date (whether or not such issue of shares or securities will be completed within six months from the Listing Date), except for those permitted in accordance with Rule 17.29(1) to (5) of the GEM Listing Rules.

#### *Undertakings by our Controlling Shareholder*

Apart from the non-disposal undertaking under the Public Offer Underwriting Agreement as described above, our Controlling Shareholder has undertaken to our Company and to the Stock Exchange that, he shall not and shall procure that the relevant registered holder(s) shall not:

- (i) at any time during the First Lock-Up Period, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those securities of our Company in respect of which he is shown by this prospectus to be the beneficial owner(s); and



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## UNDERWRITING

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- (ii) at any time during the Second Lock-Up Period, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the securities referred to in sub-paragraph (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he would cease to be our Controlling Shareholder.

Our Controlling Shareholder has undertaken to and covenanted with each of our Company and the Stock Exchange that, at any time during the period commencing on the date by reference to which disclosure of the shareholding of our Controlling Shareholder in the Company is made in this prospectus and ending on the date on which the Second Lock-Up Period expires:

- (i) in the event that he pledges or charges any of his direct or indirect interest in the Shares or other securities of our Company under Rule 13.18(1) of the GEM Listing Rules or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules, he must inform our Company and the then compliance adviser to our Company immediately thereafter, disclosing the details specified in Rule 17.43(1) to (4) of the GEM Listing Rules; and
- (ii) having pledged or charged any of his interests in the Shares or other securities of our Company under sub-paragraph (i) above, he must inform our Company and the then compliance adviser to our Company immediately in the event that he becomes aware that the pledgee or chargee has disposed of or intends to dispose of such interest and of the number of the Shares or other securities of our Company affected.

The above undertakings given by our Controlling Shareholder in favour of our Company and the Stock Exchange shall not be construed to prejudice the operation of his undertakings given in favour of the Sponsor, the Joint Lead Managers and the Public Offer Underwriters under the Public Offer Underwriting Agreement as mentioned above.

Our Company will also inform the Stock Exchange as soon as our Company has been informed of the above matters (if any) by our Controlling Shareholder and disclose such matters by way of announcement in accordance with GEM Listing Rules as soon as possible after being so informed by our Controlling Shareholder.

Our Company, our Controlling Shareholder and the executive Directors have agreed to indemnify the Public Offer Underwriters from certain losses which they may suffer, including losses arising from their performance of their obligations under the Public Offer Underwriting Agreement and any breach by our Company or our Controlling Shareholder or the executive Directors of the Public Offer Underwriting Agreement.

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## UNDERWRITING

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### Placing

In connection with the Placing, it is expected that our Company and the covenantors to be named therein (namely our Controlling Shareholder and our executive Directors) will enter into the Placing Underwriting Agreement with the Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Placing Underwriters on terms and conditions that are substantially similar to the Public Offer Underwriting Agreement as described above and on the additional terms described below.

Under the Placing Underwriting Agreement, subject to the conditions set forth therein, the Placing Underwriters are expected to severally, but not jointly and not jointly and severally, agree to act as agents of our Company to procure subscribers for the Placing Shares initially being offered pursuant to the Placing. It is expected that the Placing Underwriting Agreement may be terminated on similar grounds as the Public Offer Underwriting Agreement. Potential investors shall be reminded that in the event that the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed. The Placing Underwriting Agreement is conditional on and subject to the Public Offer Underwriting Agreement having been executed, becoming unconditional and not having been terminated. It is expected that pursuant to the Placing Underwriting Agreement, our Company and our Controlling Shareholder will make similar undertakings as those given pursuant to the Public Offer Underwriting Agreement as described in the sub-section headed “Underwriting — Underwriting arrangements, commissions and expenses — Public Offer — Undertakings pursuant to the Public Offer Underwriting Agreement” in this section.

### Commission and expenses

The Public Offer Underwriters will receive an underwriting commission of 8.5% of the aggregate Offer Price of all Offer Shares underwritten by them, which are to be borne by our Company, out of which they will pay any sub-underwriting commission, praecipium and selling concession and will be reimbursed for their reasonable expenses.

For unsubscribed Public Offer Shares reallocated to the Placing, the underwriting commission will not be paid to the Public Offer Underwriters but will instead be paid, at the rate applicable to the Placing, to the Joint Lead Managers and the relevant Placing Underwriters.

The total commission and expenses relating to the Share Offer and the Listing (including the GEM listing fees, legal and other professional fees, and printing), are estimated to approximately HK\$22.3 million, assuming an Offer Price of HK\$0.22, being the mid-point of the indicative Offer Price range. All such commission and expenses shall be borne by our Company.

### JOINT BOOKRUNNERS', JOINT LEAD MANAGERS' AND UNDERWRITERS' INTERESTS IN OUR COMPANY

Save as provided for under the Underwriting Agreements and save as disclosed in this prospectus, none of the Joint Bookrunners, the Joint Lead Managers and the Underwriters has any shareholding interests in any member of our Group nor has any right (whether legally enforceable or not) or option to subscribe for or to nominate persons to subscribe for any share in any member of our Group nor any interest in the Share Offer.

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## UNDERWRITING

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### SPONSOR'S INTERESTS AND INDEPENDENCE

Save as provided for under the Underwriting Agreements and save as disclosed in this prospectus, neither the Sponsor nor any of its directors and close associates of such directors is interested legally or beneficially in the shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any member of our Group nor any interest in the Share Offer or has any other business relationship with our Group.

Neither the Sponsor nor any of its directors, employees and close associates has accrued any material benefit as a result of the successful outcome of the Share Offer, other than by way of documentation and financial advisory fee to be paid to the Sponsor for acting as the sponsor of the Share Offer.

None of the directors and employees of the Sponsor has any directorship in our Company or any other companies comprising our Group.

The Sponsor satisfies the independence criteria applicable to the Sponsor as set out in Rule 6A.07 of the GEM Listing Rules.

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## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

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### THE STRUCTURE OF THE SHARE OFFER

Ballas Capital Limited, Changjiang Securities Brokerage (HK) Limited, Infast Brokerage Limited and Zhong Jia Securities Limited are the Joint Lead Managers to the Share Offer.

An aggregate of 22,500,000 Shares have been initially allocated to the Public Offer for subscription in Hong Kong at the Offer Price under the Public Offer (subject to re-allocation on the basis described in the sub-section “Structure and Conditions of the Share Offer — Re-allocation between the Placing and the Public Offer” in this section) outside the United States (including to professional institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S. An aggregate of 202,500,000 Shares are initially offered under the Placing for subscription, subject to re-allocation as mentioned below and under the GEM Listing Rules.

Investors are free to select to apply for the Public Offer Shares or the Placing Shares, but not both.

### PRICING

The Offer Price will be not more than HK\$0.24 per Offer Share and is expected to be not less than HK\$0.20 per Offer Share, unless otherwise announced not later than the morning of the last day for lodging applications under the Public Offer, as explained below. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

#### Price payable upon application for the Public Offer Shares

Investors of the Public Offer Shares will be required to pay the maximum indicative Offer Price of HK\$0.24 plus brokerage fee of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, amounting to a total of HK\$4,848.37 for each board lot of 20,000 Shares. If the final Offer Price is less than the maximum indicative Offer Price, arrangements will be made to refund any excess amount to the investors, without interest.

#### Determining the Offer Price

The Placing Underwriters are soliciting from prospective investors the level of indications of interest in acquiring the Shares in the Placing. Prospective investors will be required to specify the number of Placing Shares under the Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as “bookbuilding”, is expected to continue up to, and to cease on or around the Price Determination Date. The Offer Price is expected to be fixed by agreement between the Joint Lead Managers (for themselves and on behalf of the other Underwriters) and our Company, on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or around Wednesday, 21 March 2018 or such later date as the Joint Lead Managers (for themselves and on behalf of the other Underwriters) and our Company may agree.

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## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

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The Offer Price shall be fixed on the Price Determination Date by agreement among our Company and the Joint Lead Managers (for themselves and on behalf of the other Underwriters) in Hong Kong dollars after the market demand for the Offer Shares has been determined. The Offer Price range disclosed in this prospectus and the Application Forms is indicative only and the Joint Lead Managers (for themselves and on behalf of the other Underwriters) may, based on the level of indications of interest expressed by prospective investors during the bookbuilding process and after consultation with our Company and with the written consent of our Company, reduce the indicative Offer Price range below that disclosed in this prospectus and the Application Forms at any time not later than the morning of the last day for lodging applications under the Public Offer. If the Offer Price range is reduced, the Sponsor shall assist our Company in arranging for, and our Company shall, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Public Offer, cause there to be published in accordance with the GEM Listing Rules a notice of reduction of the Offer Price range or to be announced in such manner as permitted under the GEM Listing Rules and agreed between our Company, the Joint Lead Managers and the Sponsor. Upon issue of these notices, the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Lead Managers (for themselves and on behalf of the other Underwriters) and us will be fixed within this revised Offer Price range. Applicants should have regard to the possibility that any announcement of a reduction in indicative Offer Price range may not be made until the last day for lodging applications under the Public Offer. Such notice shall also include confirmation or revision, as appropriate, of the working capital statement, offer statistics and any financial or other information in this prospectus which may change as a result of any such reduction. Applicants under the Public Offer should note that if an application for the Public Offer Shares before the last day for lodging applications under the Public Offer have been submitted, applicants will not be allowed to subsequently withdraw their application. However, if the Offer Price range is reduced, applicants will be notified that they are required to confirm their applications. If applicants have been notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

**If, for any reason, our Company and the Joint Lead Managers (for themselves and on behalf of the other Underwriters) are unable to reach an agreement on the Offer Price on or before the Price Determination Date, the Share Offer will not become unconditional and will lapse immediately.**

### CONDITIONS OF THE SHARE OFFER

Acceptance of applications for the Offer Shares will be conditional upon:

- (i) the Stock Exchange granting the listing of, and permission to deal in, on the Stock Exchange, our Shares in issue, any Shares to be issued pursuant to the Capitalisation Issue and the Share Offer and any Shares which may fall to be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme, and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange; and

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## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

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- (ii) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming unconditional (including, if relevant, as a result of a waiver of any condition(s) by the Joint Lead Managers (for themselves and on behalf of the other Underwriters)) and not being terminated in accordance with the terms and conditions of the respective agreements,

in each case, on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is the 30th day after the date of this prospectus.

The consummation of each of the Public Offer and the Placing is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with their respective terms.

**If any of the above conditions has not been fulfilled or waived prior to the time(s) and date(s) specified, the Share Offer will lapse and the Stock Exchange will be notified immediately.** Notice of lapse of the Share Offer will be caused to be published by our Company on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company's website at [www.uprintshop.hk](http://www.uprintshop.hk) the next day following such lapse. In such event, all application money will be refunded, without interest. The terms on which the application money will be refunded are set forth under "Refund of your money" on the Application Forms. In the meantime, all application money received from the Public Offer will be held in a separate bank account (or separate bank accounts) with the receiving bank in Hong Kong.

We expect to issue share certificates for the Offer Shares on Tuesday, 27 March 2018. Share certificates for the Offer Shares will only become valid certificates of title at 8.00 a.m. on Wednesday, 28 March 2018 provided that (i) the Share Offer has become unconditional in all respects; and (ii) the right of termination as described in "Underwriting — Underwriting arrangements, commissions and expenses — Public Offer — Grounds for termination" in this prospectus has not been exercised.

### THE PUBLIC OFFER

Our Company is initially offering 22,500,000 Shares under the Public Offer, at the Offer Price, representing 10% of the total number of the Offer Shares being offered in the Share Offer, for subscription by way of a public offer in Hong Kong, subject to the re-allocation as mentioned below and under the GEM Listing Rules. The Public Offer is managed by the Joint Lead Managers and is fully underwritten by the Public Offer Underwriters. Applicants for the Public Offer Shares are required to pay on application the maximum indicative Offer Price of HK\$0.24 per Offer Share plus brokerage fee of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%.

The Public Offer is open to all members of the public in Hong Kong. An applicant for the Public Offer Shares will be required to give an undertaking and confirmation in the Application Form that he has not taken up and will not indicate an interest to take up any Placing Shares nor otherwise participated in the Placing. Applicants should note that if such undertaking and/or confirmation given by the applicant is breached and/or is untrue (as the case may be), such applicant's application under

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## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

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the Public Offer is bound to be rejected. The Public Offer will be subject to the conditions stated under the sub-section headed “Structure and Conditions of the Share Offer — Conditions of the Share Offer” in this section.

If the Public Offer is not fully subscribed for, the Joint Lead Managers have the authority to re-allocate all or any of the unsubscribed Public Offer Shares originally included in the Public Offer to the Placing in such number as they deem appropriate to satisfy demand under the Placing. The total number of the Public Offer Shares to be allotted and issued may change as a result of the re-allocation as mentioned below.

Allocation of the Public Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The allocation of Public Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Public Offer Shares and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

Multiple or suspected multiple applications under the Public Offer and any application for more than 100% Public Offer Shares initially available for subscription will be rejected. Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the Application Form submitted by him that he and any person(s) for whose benefit he is making the application have not received any Shares under the Placing, and such applicant’s application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be).

### THE PLACING

Our Company is initially offering 202,500,000 Shares at the Offer Price, representing 90% of the total number of the Offer Shares being offered in the Share Offer, for subscription by way of the Placing, subject to re-allocation as mentioned below and under the GEM Listing Rules.

The Placing is fully underwritten by the Placing Underwriters on a several basis upon and subject to the terms and conditions of the Placing Underwriting Agreement.

Investors subscribing for the Placing Shares are also required to pay brokerage fee of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%.

Allocation of the Placing Shares will be based on a number of factors, including the level and timing of demand and whether or not it is expected that the relevant investor is likely to purchase further Shares or hold or sell the Shares after the Listing. Such allocation is intended to result in a distribution of the Placing Shares which would lead to the establishment of a broad Shareholder base for the benefit of our Company and the Shareholders as a whole.

The total number of the Placing Shares to be allotted and issued may change as a result of re-allocation mentioned below and any re-allocation of the unsubscribed Public Offer Shares to the Placing as mentioned under the sub-section headed “Structure and Conditions of the Share Offer — The Public Offer” in this section.

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## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

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### RE-ALLOCATION BETWEEN THE PLACING AND THE PUBLIC OFFER

The allocation of Offer Shares between the Public Offer and the Placing is subject to adjustment on the following basis:

- (i) if the number of Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times the initial number of the Public Offer Shares, then the number of Shares to be re-allocated to the Public Offer from the Placing will increase so that the total number of Shares available for subscription under the Public Offer will increase to 67,500,000 Shares, representing 30% of the total number of the Offer Shares available under the Share Offer;
- (ii) if the number of Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times the initial number of the Public Offer Shares, then the number of Shares to be re-allocated to the Public Offer from the Placing will increase so that the total number of Shares available for subscription under the Public Offer will increase to 90,000,000 Shares, representing 40% of total number of the Offer Shares available under the Share Offer; and
- (iii) if the number of Shares validly applied for under the Public Offer represents 100 times or more the initial number of the Public Offer Shares, then the number of Shares to be re-allocated to the Public Offer from the Placing will increase so that the total number of Shares available for subscription under the Public Offer will increase to 112,500,000 Shares, representing 50% of the total number of the Offer Shares available under the Share Offer.

In addition, the Joint Lead Managers may, in their sole discretion, allocate Offer Shares from the Placing to the Public Offer to satisfy valid applications under the Public Offer. With reference to Guidance Letter HKEX-GL91-18, if such re-allocation is done other than pursuant to paragraph (i), (ii) or (iii) above, (a) the maximum total number of Offer Shares that may be allocated to the Public Offer following such re-allocation shall be not more than double of the initial allocation to the Public Offer i.e. 45,000,000 Offer Shares, representing 20% of the number of the Offer Shares available for subscription under the Share Offer; and (b) the final Offer Price will be fixed at the bottom end of the indicative Offer Price range (i.e. HK\$0.20 per Offer Share).

Subject to as mentioned above, the Offer Shares to be offered in the Public Offer and the Placing may be re-allocated as between these offerings at the discretion of the Joint Lead Managers.

Details of any re-allocation of Offer Shares between the Public Offer and the Placing will be disclosed in the results announcement of the Share Offer, which is expected to be published on Tuesday, 27 March 2018.



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## **STRUCTURE AND CONDITIONS OF THE SHARE OFFER**

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### **SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS**

If the Stock Exchange grants the listing of, and permission to deal in, the Shares on GEM and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or on any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS.

### **COMMENCEMENT OF DEALINGS IN THE SHARES**

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. on Wednesday, 28 March 2018. Shares will be traded in board lots of 20,000 Shares and are fully transferable. The GEM stock code for the Shares is 8448.

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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### IMPORTANT

Our Company will be relying on Section 9A of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong) and will be issuing the **WHITE**, **YELLOW** and **GREEN** Application Forms without them being accompanied by a printed prospectus. The contents of the printed prospectus are identical to the electronic version of the prospectus which can be accessed and downloaded from the websites of our Company at [www.uprintshop.hk](http://www.uprintshop.hk) and the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) under the “HKExnews > Listed Company Information> Latest Listed Company Information” section, respectively.

Members of the public who wish to obtain a copy of the printed prospectus may obtain a copy, free of charge, upon request during normal business hours from 9:00 a.m. on Tuesday, 13 March 2018 until 12:00 noon on Friday, 16 March 2018 at the following locations:

- the following branches of the receiving bank for the Public Offer:

DBS Bank (Hong Kong) Limited

District	Branch Name	Address
Hong Kong Island	Head Office	G/F, The Center, 99 Queen's Road Central, Central
Kowloon	Amoy Plaza Branch	Shops G193-195, Amoy Plaza, 77 Ngau Tau Kok Road, Ngau Tau Kok
	Nathan Road — SME Banking Centre	2/F, Wofoo Commercial Building, 574-576 Nathan Road, Mongkok
New Territories	Yuen Long Branch	G/F, 1-5 Tai Tong Road, Yuen Long

- any of the following offices of the Sponsor, the Joint Bookrunners and the Public Offer Underwriters:

**Ballas Capital Limited** at Unit 1802, 18/F, 1 Duddell Street, Central, Hong Kong

**Changjiang Securities Brokerage (HK) Limited** at Suite 1908, 19/F, Cosco Tower, 183 Queen's Road Central, Central, Hong Kong

**Infast Brokerage Limited** at 18/F., 8 Lyndhurst Terrace, Nos. 2-10 Lyndhurst Terrace, Central, Hong Kong

**Zhong Jia Securities Limited** at Office No. 9, 8/F, One Island South, 2 Heung Yip Street, Hong Kong

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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**Pacific Foundation Securities Limited** at 11/F, New World Tower II, 16-18 Queen's Road Central, Hong Kong

**Sincere Securities Limited** at 9/F., High Block, Cosco Tower, Grand Millennium Plaza, 183 Queen's Road Central, Sheung Wan, Hong Kong

**Easy One Securities Limited** at Room 2106B, 21/F, Wing On Centre, 111 Connaught Road Central, Hong Kong

- the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong.

**Details of where printed prospectuses may be obtained will be displayed prominently at the following branches of DBS Bank (Hong Kong) Limited where WHITE Application Forms are distributed:**

District	Branch Name	Address
Hong Kong Island	Head Office	G/F, The Center, 99 Queen's Road Central, Central
Kowloon	Amoy Plaza Branch	Shops G193-195, Amoy Plaza, 77 Ngau Tau Kok Road, Ngau Tau Kok
	Nathan Road — SME Banking Centre	2/F, Wofoo Commercial Building, 574-576 Nathan Road, Mongkok
New Territories	Yuen Long Branch	G/F, 1-5 Tai Tong Road, Yuen Long

During normal business hours from 9:00 a.m. on Tuesday, 13 March 2018 until 12:00 noon on Friday, 16 March 2018, at least three copies of the printed prospectus will be available for inspection at every location where the **WHITE** and **YELLOW** Application Forms are distributed, as set out in “How to Apply for the Public Offer Shares” in this prospectus.

### 1. HOW TO APPLY

If you apply for Public Offer Shares, then you may not apply for or indicate an interest for Placing Shares.

To apply for Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form; or
- apply online via the **HK eIPO White Form** service at [www.hkeipo.hk](http://www.hkeipo.hk); or
- electronically cause HKSCC Nominees to apply on your behalf.

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Joint Lead Managers, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

### 2. WHO CAN APPLY

You can apply for Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you, or any person(s) for whose benefit you are applying, are an individual, and:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number; and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the Application Form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, our Company and the Joint Lead Managers may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four.

Unless permitted by the GEM Listing Rules, you cannot apply for any Public Offer Shares if you:

- are an existing beneficial owner of shares in our Company and/or any of our subsidiaries;
- are a director or chief executive officer of our Company and/or any of our subsidiaries;

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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- are a connected person of our Company or will become a connected person of our Company immediately upon completion of the Share Offer;
- are an associate of any of the above; or
- have been allocated or have applied for or indicated an interest in any Placing Shares or otherwise participated in the Placing.

### 3. APPLYING FOR PUBLIC OFFER SHARES

#### Which application channel to use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form. For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

#### Where to collect the Application Form

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, 13 March 2018 until 12:00 noon on Friday, 16 March 2018 from:

- (i) the following addresses of the Public Offer Underwriters:

**Ballas Capital Limited** at Unit 1802, 18/F, 1 Duddell Street, Central, Hong Kong

**Changjiang Securities Brokerage (HK) Limited** at Suite 1908, 19/F, Cosco Tower, 183 Queen's Road Central, Central, Hong Kong

**Infast Brokerage Limited** at 18/F., 8 Lyndhurst Terrace, Nos. 2-10 Lyndhurst Terrace, Central, Hong Kong

**Zhong Jia Securities Limited** at Office No. 9, 8/F, One Island South, 2 Heung Yip Street, Hong Kong

**Pacific Foundation Securities Limited** at 11/F, New World Tower II, 16-18 Queen's Road Central, Hong Kong

**Sincere Securities Limited** at 9/F., High Block, Cosco Tower, Grand Millennium Plaza, 183 Queen's Road Central, Sheung Wan, Hong Kong

**Easy One Securities Limited** at Room 2106B, 21/F, Wing On Centre, 111 Connaught Road Central, Hong Kong

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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(ii) any of the following branches of DBS Bank (Hong Kong) Limited:

District	Branch name	Address
Hong Kong Island	Head Office	G/F, The Center, 99 Queen's Road Central, Central
Kowloon	Amoy Plaza Branch	Shops G193-195, Amoy Plaza, 77 Ngau Tau Kok Road, Ngau Tau Kok
	Nathan Road — SME Banking Centre	2/F, Wofoo Commercial Building, 574-576 Nathan Road, Mongkok
New Territories	Yuen Long Branch	G/F, 1-5 Tai Tong Road, Yuen Long

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, 13 March 2018 until 12:00 noon on Friday, 16 March 2018 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

### Time for lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "**TING HONG NOMINEES LIMITED — UNIVERSE PRINTSHOP PUBLIC OFFER**" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

Tuesday, 13 March 2018 — 9:00 a.m. to 5:00 p.m.  
Wednesday, 14 March 2018 — 9:00 a.m. to 5:00 p.m.  
Thursday, 15 March 2018 — 9:00 a.m. to 5:00 p.m.  
Friday, 16 March 2018 — 9:00 a.m. to 12:00 noon

The Application Lists will be open from 11:45 a.m. to 12:00 noon on Friday, 16 March 2018, the last application day or such later time as described in the sub-section headed "How to Apply for the Public Offer Shares — 10. Effect of bad weather on the opening of the Application Lists" in this section.

## 4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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By completing and submitting an Application Form or applying through the **HK eIPO White Form** service, among other things, you (and if you are joint applicants, each of you jointly and severally) for yourself or as an agent or a nominee on behalf of each person for whom you act:

- (i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Joint Lead Managers (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or (where appropriate) in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Share Offer in this prospectus;
- (vi) agree that none of our Company, the Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing nor participated in the Placing;
- (viii) agree to disclose to our Company, our Hong Kong Branch Share Registrar, receiving bank, the Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sponsor, the Joint Bookrunners, the Joint Lead Managers, and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (a) you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (b) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorise our Company to place your name(s) or (where appropriate) the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or any refund cheque(s) and/or any e-Auto Refund Payment Instruction to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect share certificate(s) and/or refund cheque(s) in person;
- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that our Company, our Directors, the Sponsor, the Joint Bookrunners and the Joint Lead Managers will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (a) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (b) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.



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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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### Additional instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

### 5. APPLYING THROUGH HK eIPO WHITE FORM SERVICE

#### General

Individuals who meet the criteria in the section headed “2. Who can apply” above, may apply through the **HK eIPO White Form** service for the Offer Shares to be allotted and registered in their own names through the designated website at [www.hkeipo.hk](http://www.hkeipo.hk).

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

#### Time for submitting applications under the HK eIPO White Form

You may submit your application to the **HK eIPO White Form** Service Provider at [www.hkeipo.hk](http://www.hkeipo.hk) (24 hours daily, except on the last application day) from 9:00 a.m. on Tuesday, 13 March 2018 until 11:30 a.m. on Friday, 16 March 2018 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, 16 March 2018 or such later time under the section headed “10. Effect of Bad Weather on the Opening of the Application Lists” below.

#### No Multiple Applications

If you apply by means of **HK eIPO White Form**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **HK eIPO White Form** more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

#### Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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### 6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

#### General

CCASS Participants may give **electronic application instructions** to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a **CCASS Investor Participant**, you may give these **electronic application instructions** through the IP CCASS Phone Operation Hotline by calling (852) 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited  
Customer Service Centre  
1/F, One & Two Exchange Square  
8 Connaught Place  
Central, Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are **not a CCASS Investor Participant**, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Joint Lead Managers and our Hong Kong Branch Share Registrar.

#### Giving electronic application instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit to your CCASS Participant's stock account or your designated CCASS Investor Participant's stock account;
- agree to accept the Public Offer Shares applied for or any lesser number allocated to you under the application;
- undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing nor participated in the Placing;
- (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;
- confirm that you understand that our Company, our Directors and the Joint Lead Managers will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;
- authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holders of any Public Offer Shares allocated to you and the Company and/or its agents to deposit any share certificate(s) into CCASS and/or to send any refund cheques as more specifically set out in the Application Form;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and the Application Form and agree to be bound by them;
- confirm that you have received and read a copy of this prospectus and have only relied on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of our Company, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose to our Company, our Hong Kong Branch Share Registrar, receiving bank, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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- agree that once your HKSCC Nominees' application has been accepted, it cannot be rescinded because of an innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the Application Lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the Application Lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the Application Lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Public Offer results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for giving the **electronic application instructions** to apply for Public Offer Shares;
- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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### Effect of giving electronic application instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage fee, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage fee, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

### Minimum purchase amount and permitted numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 20,000 Public Offer Shares. Instructions for more than 20,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

### Time for inputting electronic application instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates<sup>(Note)</sup>:

Tuesday, 13 March 2018	— 9:00 a.m. to 8:30 p.m. <sup>(Note)</sup>
Wednesday, 14 March 2018	— 8:00 a.m. to 8:30 p.m. <sup>(Note)</sup>
Thursday, 15 March 2018	— 8:00 a.m. to 8:30 p.m. <sup>(Note)</sup>
Friday, 16 March 2018	— 8:00 a.m. <sup>(Note)</sup> to 12:00 noon

*Note:*

These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Tuesday, 13 March 2018 until 12:00 noon on Friday, 16 March 2018 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Friday, 16 March 2018, the last application day or such later time as described in the sub-section headed “How to Apply for the Public Offer Shares — 10. Effect of bad weather on the opening of the Application Lists” in this section.

### No multiple applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

### Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

### Personal data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, our Hong Kong Branch Share Registrar, the receiving bank, the Joint Lead Managers, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

## 7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Such facility is subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sponsor, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant will be allotted any Public Offer Shares.

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Friday, 16 March 2018.

### 8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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### 9. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage fee, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 20,000 Public Offer Shares. Each application or **electronic application instructions** in respect of more than 20,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at [www.hkeipo.hk](http://www.hkeipo.hk).

If your application is successful, brokerage fee will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see “Structure and Conditions of the Share Offer — Pricing” in this prospectus.

### 10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The Application Lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 16 March 2018. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the Application Lists do not open and close on Friday, 16 March 2018 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in “Expected Timetable” in this prospectus, an announcement will be made in such event.

### 11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indications of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares on Tuesday, 27 March 2018 on our Company’s website at [www.uprintshop.hk](http://www.uprintshop.hk) and the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk).



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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer will be available at the times and dates and in the manner specified below:

- in the announcement to be posted on our Company's website at [www.uprintshop.hk](http://www.uprintshop.hk) and the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) by no later than 8:00 a.m. on Tuesday, 27 March 2018;
- from the designated results of allocations website at [www.tricor.com.hk/ipo/result](http://www.tricor.com.hk/ipo/result) with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Tuesday, 27 March 2018 to 12:00 midnight on Monday, 2 April 2018;
- by telephone enquiry line by calling (852) 3691 8488 between 9:00 a.m. and 6:00 p.m. from Tuesday, 27 March 2018 to Tuesday, 3 April 2018 (excluding Saturday, Sunday and public holiday);
- in the special allocation results booklets which will be available for inspection during opening hours from Tuesday, 27 March 2018 to Thursday, 29 March 2018 at all the receiving bank's designated branches listed above in the sub-section headed "How to apply for the Public Offer Shares — 3. Applying for Public Offer Shares" in this section.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Further details are contained in "Structure and Conditions of the Share Offer" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

## 12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Public Offer Shares will not be allotted to you:

### (i) **If your application is revoked:**

By completing and submitting an Application Form or giving electronic application instructions to HKSCC or to **HK eIPO White Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the Application Lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

**(ii) If our Company or its agents exercise their discretion to reject your application:**

Our Company, the Joint Lead Managers, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

**(iii) If the allotment of Public Offer Shares is void:**

The allotment of Public Offer Shares will be void if the Listing Division does not grant permission to list our Shares either:

- within three weeks from the closing date of the Application Lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies our Company of that longer period within three weeks of the closing date of the Application Lists.

**(iv) If:**

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Public Offer Shares and Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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- your electronic application instructions through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Joint Lead Managers believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 100% of the Public Offer Shares (i.e. 22,500,000 Shares) initially offered under the Public Offer.

### 13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK\$0.24 per Offer Share (excluding brokerage fee, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Public Offer are not fulfilled in accordance with "Structure and Conditions of the Share Offer — Conditions of the Share Offer" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage fee, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Tuesday, 27 March 2018.

### 14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of our Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage fee, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or before Tuesday, 27 March 2018. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier order(s).

Share certificates will only become valid at 8:00 a.m. on Wednesday, 28 March 2018 provided that the Share Offer has become unconditional and the right of termination described in “Underwriting” in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

### **Personal collection**

#### **(i) *If you apply using a WHITE Application Form***

If you apply for 1,000,000 or more Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from our Hong Kong Branch Share Registrar at Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, 27 March 2018 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation’s chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on or before Tuesday, 27 March 2018, by ordinary post and at your own risk.

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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(ii) *If you apply using a YELLOW Application Form*

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on or before Tuesday, 27 March 2018, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Tuesday, 27 March 2018, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS Participant (other than a CCASS Investor Participant)*

For Public Offer Shares credited to your designated CCASS Participant's stock account (other than CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS Participant.

- *If you apply as a CCASS Investor Participant*

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in the sub-section headed "How to Apply for the Public Offer Shares — 11. Publication of results" in this section.

You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, 27 March 2018 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and the CCASS Internet System.

(iii) *If you apply through the HK eIPO White Form Service*

If you apply for 1,000,000 Public Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, 27 March, 2018, or such other date as notified by our Company on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and of our Company at [www.uprintshop.hk](http://www.uprintshop.hk) as the date of despatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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If you apply for less than 1,000,000 Public Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Tuesday, 27 March 2018 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) *If you apply via electronic application instructions to HKSCC*

*Allocation of Public Offer Shares*

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

*Deposit of share certificates into CCASS and refund of application monies*

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Tuesday, 27 March 2018, or, on any other date determined by HKSCC or HKSCC Nominees.
- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the manner specified in the sub-section "How to apply for the Public Offer Shares — 11. Publication of results" in this section on Tuesday, 27 March 2018. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, 27 March 2018 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Tuesday, 27 March 2018. Immediately following the credit of the Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage fee, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Tuesday, 27 March 2018.

### 15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, our Shares and we comply with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the GEM Listing Rules) is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling our Shares to be admitted into CCASS.

*The following is the text of a report set out on pages I-1 to I-59, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.*



## **ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF UNIVERSE PRINTSHOP HOLDINGS LIMITED AND BALLAS CAPITAL LIMITED**

### **Introduction**

We report on the historical financial information of Universe Printshop Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-59, which comprises the consolidated statements of financial position of the Group as at 31 March 2016, 31 March 2017 and 31 October 2017 and the statement of financial position of the Company as at 31 October 2017, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows, for each of the years ended 31 March 2016 and 31 March 2017 and the seven months ended 31 October 2017 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-59 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 13 March 2018 (the "Prospectus") in connection with the initial listing of shares of the Company on GEM of The Stock Exchange of Hong Kong Limited.

### **Directors' responsibility for Historical Financial Information**

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

### **Reporting accountants' responsibility**

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.



Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that give a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Group's financial position as at 31 March 2016 and 31 March 2017 and 31 October 2017, the Company's financial position as at 31 October 2017 and of the Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

### **Review of stub period corresponding financial information**

We have reviewed the stub period corresponding financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the seven months ended 31 October 2016 and other explanatory information (the "Stub Period Corresponding Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Corresponding Financial Information in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Corresponding Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

**Report on matters under the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance**

***Adjustments***

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

***Dividends***

We refer to note 10 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

***No statutory financial statements for the Company***

No statutory financial statements have been prepared for the Company since its incorporation.

**KPMG**

*Certified Public Accountants*

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

13 March 2018

**A HISTORICAL FINANCIAL INFORMATION***(Expressed in Hong Kong dollars unless otherwise indicated)*

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by KPMG under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

**1 Consolidated statements of profit or loss and other comprehensive income**

	<i>Section B Note</i>	<b>Year ended 31 March 2016 HK\$</b>	<b>Year ended 31 March 2017 HK\$</b>	<b>Seven months ended 31 October 2016 HK\$ (unaudited)</b>	<b>Seven months ended 31 October 2017 HK\$</b>
<b>Revenue</b>	4	124,047,509	133,868,991	78,084,957	80,556,430
<b>Cost of sales</b>		<u>(93,639,736)</u>	<u>(102,518,928)</u>	<u>(59,950,833)</u>	<u>(60,710,513)</u>
<b>Gross profit</b>		30,407,773	31,350,063	18,134,124	19,845,917
Other revenue	5	2,490,939	1,804,228	1,100,916	624,429
Other net (loss)/income	5	(955,769)	6,476	1,144	—
Selling and administrative expenses		<u>(25,208,743)</u>	<u>(28,298,609)</u>	<u>(15,191,778)</u>	<u>(23,884,065)</u>
<b>Profit/(loss) from operations</b>		6,734,200	4,862,158	4,044,406	(3,413,719)
Finance costs	6(a)	<u>(235,689)</u>	<u>(346,613)</u>	<u>(206,778)</u>	<u>(198,396)</u>
<b>Profit/(loss) before taxation</b>	6	6,498,511	4,515,545	3,837,628	(3,612,115)
Income tax	7(a)	<u>(1,231,046)</u>	<u>(1,124,974)</u>	<u>(630,334)</u>	<u>(770,024)</u>
<b>Profit/(loss) and total comprehensive income for the year/period</b>		<u><u>5,267,465</u></u>	<u><u>3,390,571</u></u>	<u><u>3,207,294</u></u>	<u><u>(4,382,139)</u></u>
<b>Earnings/(loss) per share</b>					
Basic and diluted	11	<u><u>395</u></u>	<u><u>254</u></u>	<u><u>241</u></u>	<u><u>(329)</u></u>

The accompanying notes form part of the Historical Financial Information.

## 2 Consolidated statements of financial position

	<i>Section B</i>	<b>At 31 March</b>		<b>At</b>
	<i>Note</i>	<b>2016</b>	<b>2017</b>	<b>31 October</b>
		<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
<b>Non-current asset</b>				
Property, plant and equipment	12(a)	20,363,541	16,177,746	14,119,842
Intangible asset	13	—	—	370,905
Deposits for acquisition of non-current assets		—	429,511	109,500
		<u>20,363,541</u>	<u>16,607,257</u>	<u>14,600,247</u>
<b>Current assets</b>				
Inventories	14	2,963,619	3,262,729	4,696,478
Trade and other receivables	15	10,078,977	11,504,262	17,951,040
Amounts due from other related parties	16	4,670,498	5,106,576	—
Amounts due from directors	16	638,276	1,732,618	—
Amounts due from shareholders	16	78,000	78,000	—
Cash and cash equivalents	17(a)	<u>5,776,446</u>	<u>20,993,052</u>	<u>19,825,612</u>
		<u>24,205,816</u>	<u>42,677,237</u>	<u>42,473,130</u>
<b>Current liabilities</b>				
Trade and other payables	18	19,789,101	22,257,609	26,228,513
Amounts due to related companies	16	13,615,153	798,700	—
Amount due to a director	16	1,581,824	1,754,960	—
Obligations under finance leases	19	549,295	887,254	925,340
Provision for reinstatement cost	21	200,000	220,000	240,000
Tax payable	20(a)	<u>202,740</u>	<u>983,050</u>	<u>1,817,555</u>
		<u>35,938,113</u>	<u>26,901,573</u>	<u>29,211,408</u>
<b>Net current (liabilities)/assets</b>		<u>(11,732,297)</u>	<u>15,775,664</u>	<u>13,261,722</u>
<b>Total assets less current liabilities</b>		<u>8,631,244</u>	<u>32,382,921</u>	<u>27,861,969</u>

**APPENDIX I****ACCOUNTANTS' REPORT**

	<i>Section B</i>	<b>At 31 March</b>		<b>At</b>
	<i>Note</i>	<b>2016</b>	<b>2017</b>	<b>31 October</b>
		<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
<b>Non-current liabilities</b>				
Obligations under finance leases	19	2,880,192	2,896,634	2,822,302
Deferred tax liabilities	20(b)	980,475	1,325,139	1,260,658
		<u>3,860,667</u>	<u>4,221,773</u>	<u>4,082,960</u>
<b>NET ASSETS</b>		<u>4,770,577</u>	<u>28,161,148</u>	<u>23,779,009</u>
<b>CAPITAL AND RESERVES</b>	22			
Share capital		78,000	104,005	133
Reserves		<u>4,692,577</u>	<u>28,057,143</u>	<u>23,778,876</u>
<b>TOTAL EQUITY</b>		<u>4,770,577</u>	<u>28,161,148</u>	<u>23,779,009</u>

The accompanying notes form part of the Historical Financial Information.

## 3 Statement of financial position of the Company

	<i>Section B Note</i>	<b>At 31 October 2017 HK\$</b>
<b>Non-current asset</b>		
Investment in a subsidiary	1	20,078,000
<b>Current liabilities</b>		
Amount due to a subsidiary		<u>3,970</u>
<b>Net current liabilities</b>		<u>(3,970)</u>
<b>NET ASSETS</b>		<u><u>20,074,030</u></u>
<b>CAPITAL AND RESERVES</b>		
Share capital	22(b)	20,078,000
Accumulated losses		<u>(3,970)</u>
<b>TOTAL EQUITY</b>		<u><u>20,074,030</u></u>

The accompanying notes form part of the Historical Financial Information.

## 4 Consolidated statements of changes in equity

	Share capital (Note 22(b)) HK\$	Share premium (Note 22(c)) HK\$	Capital reserve (Note 22(d)) HK\$	(Accumulated losses)/ Retained profits HK\$	Total HK\$
<b>At 1 April 2015</b>	78,000	—	—	(574,888)	(496,888)
<b>Changes in equity for 2016:</b>					
Profit for the year	—	—	—	5,267,465	5,267,465
<b>At 31 March and 1 April 2016</b>	78,000	—	—	4,692,577	4,770,577
<b>Changes in equity for 2017:</b>					
Shares issued during the year	26,005	19,973,995	—	—	20,000,000
Profit for the year	—	—	—	3,390,571	3,390,571
<b>At 31 March and 1 April 2017</b>	104,005	19,973,995	—	8,083,148	28,161,148
<b>Changes in equity for the period:</b>					
Shares issued for share swap between the Company and Universe Printshop Limited	133	—	20,077,867	—	20,078,000
Elimination pursuant to the Reorganisation	(104,005)	(19,973,995)	—	—	(20,078,000)
Loss for the period	—	—	—	(4,382,139)	(4,382,139)
<b>At 31 October 2017</b>	<u>133</u>	<u>—</u>	<u>20,077,867</u>	<u>3,701,009</u>	<u>23,779,009</u>

**APPENDIX I****ACCOUNTANTS' REPORT**

	<b>Share capital</b>	<b>Share premium</b>	<b>Capital reserve</b>	<b>(Accumulated losses)/ Retained profits</b>	<b>Total</b>
	<i>(Note 22(b))</i>	<i>(Note 22(c))</i>	<i>(Note 22(d))</i>		
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
<b>(Unaudited)</b>					
<b>At 1 April 2016</b>	78,000	—	—	4,692,577	4,770,577
<b>Changes in equity for the period:</b>					
Profit for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,207,294</u>	<u>3,207,294</u>
<b>At 31 October 2016</b>	<u>78,000</u>	<u>—</u>	<u>—</u>	<u>7,899,871</u>	<u>7,977,871</u>

The accompanying notes form part of the Historical Financial Information.



## 5 Consolidated statements of cash flows

	<i>Section B Note</i>	<b>Year ended 31 March 2016 HK\$</b>	<b>Year ended 31 March 2017 HK\$</b>	<b>Seven months ended 31 October 2016 HK\$ (unaudited)</b>	<b>Seven months ended 31 October 2017 HK\$</b>
<b>Operating activities</b>					
Cash generated from operations	17(b)	15,718,465	11,065,458	9,027,172	2,654,280
Tax paid		—	—	—	—
<b>Net cash generated from operating activities</b>		<u>15,718,465</u>	<u>11,065,458</u>	<u>9,027,172</u>	<u>2,654,280</u>
<b>Investing activities</b>					
Payment for the purchase of property, plant and equipment and intangible asset		(23,402,239)	(1,439,772)	(637,517)	(235,393)
Proceeds from sale of property, plant and equipment		55,000	40,000	—	—
Interest received		67	721	88	102
<b>Net cash used in investing activities</b>		<u>(23,347,172)</u>	<u>(1,399,051)</u>	<u>(637,429)</u>	<u>(235,291)</u>
<b>Financing activities</b>					
Capital element of finance lease rentals paid		(504,054)	(568,600)	(389,907)	(687,246)
Interest element of finance lease rentals paid		(235,689)	(346,613)	(206,778)	(198,396)
Payments for share issue capitalised		—	(718,135)	—	(1,902,087)
Advances from related companies		15,031,422	3,252,636	2,327,259	—
Repayment of advances from related companies		(1,416,269)	(16,069,089)	(9,804,521)	(798,700)
Proceeds from issuance of shares		—	20,000,000	—	—
<b>Net cash generated from/(used in) financing activities</b>		<u>12,875,410</u>	<u>5,550,199</u>	<u>(8,073,947)</u>	<u>(3,586,429)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>5,246,703</u>	<u>15,216,606</u>	<u>315,796</u>	<u>(1,167,440)</u>
<b>Cash and cash equivalents at the beginning of the year/period</b>		<u>529,743</u>	<u>5,776,446</u>	<u>5,776,446</u>	<u>20,993,052</u>
<b>Cash and cash equivalents at the end of the year/period</b>	17(a)	<u>5,776,446</u>	<u>20,993,052</u>	<u>6,092,242</u>	<u>19,825,612</u>

The accompanying notes form part of the Historical Financial Information.

**B NOTES TO THE HISTORICAL FINANCIAL INFORMATION**

*(Expressed in Hong Kong dollars unless otherwise indicated)*

**1 Basis of preparation and presentation of Historical Financial Information**

Universe Printshop Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 27 April 2017 as an exempted company with limited liability under the Companies Law (2016 Revision) (as consolidated and revised) of the Cayman Islands.

The Company is an investment holding company. The Company has not carried on any business since the date of its incorporation save for the group reorganisation below. The Company and its subsidiaries (together, “the Group”) are principally engaged in the provision of general printing services and trading of printing products.

Pursuant to a group reorganisation completed on 8 June 2017 (the “Reorganisation”), the Company became the holding company of the companies now comprising the Group.

Prior to the incorporation of the Company, the above mentioned principal activities were carried out by Universe Printshop Limited, which is incorporated in the Cayman Islands, and its subsidiaries. To rationalise the corporate structure in preparation of the listing of the Company’s shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Group underwent the Reorganisation, as detailed in the section headed “History, Reorganisation and Corporate Structure” in the Prospectus. Upon completion of the Reorganisation, the Company became the holding company of the Group. The Reorganisation only involved inserting the Company, a newly formed entity with no substantive operations, as the new holding company of Universe Printshop Limited and has not resulted in any changes in economic substance of the Group. Accordingly, the Reorganisation has been accounted for using a principle similar to that for a reverse acquisition, with Universe Printshop Limited treated as the acquirer for accounting purposes. The Historical Financial Information has been prepared and presented as a continuation of the financial statements of Universe Printshop Limited with the assets and liabilities of Universe Printshop Limited recognised and measured at their historical carrying amounts prior to the Reorganisation. Intra-group balances, transactions and unrealised gains/losses on intra-group transactions are eliminated in full in preparing the Historical Financial Information.

As at the date of this report, no audited financial statements have been prepared for the Company and Universe Printshop Limited, as they either have not carried on any business since the date of incorporation or are investment holding companies and not subject to statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation. The financial statements of the subsidiaries of the Group for which there are statutory requirements were prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

Upon completion of the Reorganisation and as at the date of this report, the Company has direct or indirect interests in the following principal subsidiaries, which are private companies:

Company name	Place and date of incorporation	Particulars of issued and paid-up capital	Proportion of ownership interest		Principal activities	Name of statutory auditor
			Held by the Company	Held by the subsidiary		
<b><i>Directly held</i></b>						
Universe Printshop Limited (formerly known as "Ricky Groups Ltd.")	Incorporated in the Cayman Islands on 8 January 2015	US\$13,334	100%	—	Investment holding	Not applicable
<b><i>Indirectly held</i></b>						
All in 1 Printing (Group) Limited	Incorporated in Hong Kong on 21 May 2008	\$10,000,000	100%	100%	Investment holding	KPMG
Universe Printing Holdings Limited	Incorporated in Hong Kong on 18 March 2015	\$10,000,000	100%	100%	Provision of general printing services and trading of printing products	KPMG
Print Shop Limited	Incorporated in Hong Kong on 29 August 2005	\$10,000,000	100%	100%	Provision of printing services and solutions	KPMG
Startec Colour Separation Printing Limited	Incorporated in Hong Kong on 23 March 2015	\$10,000,000	100%	100%	Provision of printing services and solutions	KPMG
Net Printshop Limited	Incorporated in Hong Kong on 6 February 2017	\$100,000	100%	100%	Provision of printing services and solutions	KPMG

***Note:***

1. No statutory financial statements have been prepared for Universe Printshop Limited as it has not carried on any business since the date of incorporation and is an investment holding company which is not subject to statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation.
2. The statutory financial statements of Universe Printing Holdings Limited, Print Shop Limited and Startec Colour Separation Printing Limited for the year ended 31 March 2017 were prepared in accordance with Hong Kong Financial Reporting Standards.
3. The statutory financial statements of All in 1 Printing (Group) Limited and Net Printshop Limited for the year ended 31 March 2017 were not available as of the date of this report.

All companies now comprising the Group have adopted 31 March as their financial year end date.

The Historical Financial Information has been prepared in accordance with all applicable HKFRSs which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the HKICPA. Further details of the significant accounting policies adopted are set out in Note 2.

The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised HKFRSs to the Relevant Periods, except for any new standards or interpretations that are not yet effective for the accounting period ended 31 October 2017. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period beginning 1 April 2017 are set out in Note 26.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

## **2 Significant accounting policies**

### **(a) *Basis of measurement***

The measurement basis used in the preparation of the financial statements is the historical cost basis.

### **(b) *Use of estimates and judgements***

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Major sources of estimation uncertainty are discussed in Note 3.

**(c) *Subsidiaries***

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is included in the Financial Information from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the Financial Information. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in the former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as fair value on initial recognition of a financial asset.

**(d) *Property, plant and equipment***

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses (see note 2(h)(ii)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

-Furniture and fixtures	5 years
- Computer equipment	5 years
- Leasehold improvements	Shorter of lease term and 5 years
- Plant and machinery	4 - 10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(e) *Intangible asset*

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(h)(ii)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives as follows:

- Software 3 - 5 years

Both period and method of amortisation are reviewed annually.

(f) *Inventories*

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(g) *Leased assets*

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) *Classification of assets leased to the Group*

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) *Assets acquired under finance leases*

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are recognised as property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 2(d). Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(h). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(iii) *Operating lease charges*

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(h) ***Impairment of assets***

(i) *Impairment of trade and other receivables*

Trade and other current and non-current receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

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

If any such evidence exists, impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) *Impairment of other assets*

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that property, plant and equipment and intangible asset may be impaired or, an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the asset's recoverable amount is estimated.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).



— Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(i) *Trade and other receivables*

Trade and other receivables, including amounts due from related parties, directors and shareholders, are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 2(h)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(j) *Trade and other payables*

Trade and other payables, including amounts due to related companies and a director, are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(k) *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(l) *Employee benefits*

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(m) *Income tax*

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and other not offset.

**(n) *Provisions and contingent liabilities***

Provisions are recognised for other liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

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

**(o) *Revenue recognition***

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

*Sales of goods*

Revenue is recognised when the customer has accepted the related risks and rewards of ownership of the products in accordance with the sales orders, and is after deduction of any trade discounts.

*Interest income*

Interest income is recognised on a time-proportion basis using the effective interest method.

*Rental income from operating leases*

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term.

*Scrap sale income*

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

(p) ***Related parties***

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

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

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

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (1).
- (vii) A person identified in (1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

(q) *Segment reporting*

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

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

**3 Accounting judgements and estimates**

(a) *Sources of estimation uncertainty*

Key sources of estimation uncertainty are as follows:

*Depreciation of property, plant and equipment*

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

*Impairment of trade receivables*

The Group evaluates whether there is any objective evidence that trade receivables are impaired, and estimates allowances for doubtful debts as a result of the inability of the debtors to make required payments. The Group's estimation bases on the ageing of the trade receivables balance, credit-worthiness of the customer and historical write-off experience. If the financial condition of the debtors were to deteriorate, actual write-offs would be higher than estimated.

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

	Year ended 31 March 2016 HK\$	Year ended 31 March 2017 HK\$	Seven months ended 31 October 2016 HK\$ (unaudited)	Seven months ended 31 October 2017 HK\$
Offset printing	95,297,664	104,048,405	60,397,209	60,676,450
Toner-based digital printing	8,238,317	8,254,847	5,048,314	5,348,365
Ink-jet	12,672,092	13,988,302	8,153,163	10,019,491
Other services	7,839,436	7,577,437	4,486,271	4,512,124
	<u>124,047,509</u>	<u>133,868,991</u>	<u>78,084,957</u>	<u>80,556,430</u>

The Group's customer base is diversified with no customer with whom transactions have exceeded 5% of the Group's revenues. Details of concentration of credit risk are set out in note 23(a).

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

## (b) Segment reporting

The Group manages its business by business line. In a manner consistent with the way the information is reported internally to the Group's senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following reporting segments:

*Offset printing*

The offset printing business is involved in the manufacturing and trading of printing products using the offset printing method. These products are either manufactured in the Group's manufacturing facilities located in Hong Kong or outsourced to external sub-contractors for processing.

*Toner-based digital printing*

The toner-based digital printing business is involved in the manufacturing and trading of printing products using the toner-based digital printing method. These products are manufactured in the Group's manufacturing facilities located in Hong Kong.

*Ink-jet*

The ink-jet business is involved in the manufacturing and trading of printing products using the ink-jet printing method. These products are manufactured in the Group's manufacturing facilities located in Hong Kong or outsourced to external sub-contractors for processing.

*Other services*

Other services comprise miscellaneous services including the production of printing-related products such as pre-ink stamp making, the processes of which require the use of special equipment. Such services were largely sub-contracted to external sub-contractors. The revenue from these services is below the quantitative threshold for determining a reportable segment.

(i) Segment results, assets and liabilities

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

Segment assets include all tangible assets and current assets with the exception of other corporate assets. Segment liabilities include trade payables and accruals attributable to the manufacturing sales activities of the individual segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Assistance provided by one segment to another, including sharing of assets, is not measured.

The measure used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including investment income and "depreciation and amortisation" is regarded as including impairment losses on non-current assets. To arrive at the adjusted EBITDA, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' and auditor's remuneration and other head office or corporate administrative costs.

In addition to receiving segment information concerning the adjusted EBITDA, management is provided with segment information concerning revenue, interest income and expense from cash balances, depreciation and additions to non-current segment assets used by the segments in their operations.

Information regarding the Group's reporting segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 March 2016 and 31 March 2017 and seven months ended 31 October 2016 and 2017 is set out below:

	Offset printing		Digital printing		Ink-jet		Other services		Total	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Revenue from external customers	95,297,664	104,048,405	8,238,317	8,254,847	12,672,092	13,988,302	7,839,436	7,577,437	124,047,509	133,868,991
Inter-segment revenue	—	—	—	—	—	—	—	—	—	—
Reportable segment revenue	95,297,664	104,048,405	8,238,317	8,254,847	12,672,092	13,988,302	7,839,436	7,577,437	124,047,509	133,868,991
Reportable segment profit	4,667,020	6,086,093	1,273,693	1,848,422	2,456,906	2,297,624	1,193,280	909,312	9,590,899	11,141,451
Interest expenses	—	—	235,689	346,613	—	—	—	—	235,689	346,613
Depreciation for the year	4,856,306	4,933,984	810,746	941,887	16,080	4,800	—	—	5,683,132	5,880,671
Reportable segment assets	27,897,376	23,998,426	2,382,735	2,823,443	750,402	952,833	1,009,562	683,648	32,040,075	28,458,350
Additions to non-current segment assets during the year	22,850,196	380,776	570,429	923,000	20,880	—	—	—	23,441,505	1,303,776
Reportable segment liabilities	14,730,614	16,505,471	4,026,282	4,351,412	934,120	1,154,700	893,791	1,195,461	20,584,807	23,207,044



	Offset printing			Digital printing			Ink-jet			Other services			Total	
	Seven months ended 31			Seven months ended 31			Seven months ended 31			Seven months ended 31			Seven months ended 31	
	October	2016	October	October	2016	October	October	2016	October	October	2016	October	October	2016
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
	(unaudited)			(unaudited)			(unaudited)			(unaudited)			(unaudited)	
Revenue from external customers	60,397,209	60,676,450	5,048,314	5,348,365	8,153,163	10,019,491	4,486,271	4,512,124	78,084,957	80,556,430				
Inter-segment revenue	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Reportable segment revenue	60,397,209	60,676,450	5,048,314	5,348,365	8,153,163	10,019,491	4,486,271	4,512,124	78,084,957	80,556,430				
Reportable segment profit	3,290,752	3,778,171	1,134,427	1,196,918	1,415,926	1,685,351	661,397	521,901	6,502,502	7,182,341				
Interest expenses	—	—	206,778	198,396	—	—	—	—	206,778	198,396				
Depreciation for the year	2,863,565	2,061,095	547,259	552,480	4,800	—	—	—	3,415,624	2,613,575				
<b>Reportable segment assets</b>	23,119,638	27,086,018	2,525,895	2,621,765	1,142,239	1,956,626	348,887	587,480	27,136,659	32,251,889				
Additions to non-current segment assets during the year	365,776	—	923,000	—	—	—	—	—	1,288,776	—				
<b>Reportable segment liabilities</b>	18,138,464	20,358,346	4,875,011	4,810,466	807,680	940,808	794,613	932,622	24,615,768	27,042,242				

## (ii) Reconciliation of reportable segment revenues, profit or loss, assets and liabilities

	Year ended 31 March 2016 HK\$	Year ended 31 March 2017 HK\$	Seven months ended 31 October 2016 HK\$ (unaudited)	Seven months ended 31 October 2017 HK\$
<b>Revenue</b>				
Reportable segment revenue	124,047,509	133,868,991	78,084,957	80,556,430
Elimination of inter-segment revenue	—	—	—	—
Consolidated revenue	<u>124,047,509</u>	<u>133,868,991</u>	<u>78,084,957</u>	<u>80,556,430</u>
<b>Profit</b>				
Reportable segment profit	9,590,899	11,141,451	6,502,502	7,182,341
Elimination of inter-segment revenue	—	—	—	—
Reportable segment profit derived from				
Group's external customers	9,590,899	11,141,451	6,502,502	7,182,341
Other income	1,486,997	814,909	482,420	31,171
Depreciation and amortisation	(306,952)	(254,135)	(129,128)	(329,828)
Unallocated office and corporate expenses	<u>(4,272,433)</u>	<u>(7,186,680)</u>	<u>(3,018,166)</u>	<u>(10,495,799)</u>
Consolidated profit/(loss) before taxation	<u>6,498,511</u>	<u>4,515,545</u>	<u>3,837,628</u>	<u>(3,612,115)</u>

**APPENDIX I****ACCOUNTANTS' REPORT**

	<b>At 31 March</b>		<b>At</b>
	<b>2016</b>	<b>2017</b>	<b>31 October</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
<b>Assets</b>			
Reportable segment assets	32,040,075	28,458,350	32,251,889
Elimination of inter-segment receivables	<u>—</u>	<u>—</u>	<u>—</u>
	32,040,075	28,458,350	32,251,889
Unallocated head office and corporate assets	<u>12,529,282</u>	<u>30,826,144</u>	<u>24,821,488</u>
Consolidated total assets	<u><u>44,569,357</u></u>	<u><u>59,284,494</u></u>	<u><u>57,073,377</u></u>

	<b>At 31 March</b>		<b>At</b>
	<b>2016</b>	<b>2017</b>	<b>31 October</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
<b>Liabilities</b>			
Reportable segment liabilities	20,584,807	23,207,044	27,042,242
Elimination of inter-segment payables	<u>—</u>	<u>—</u>	<u>—</u>
	20,584,807	23,207,044	27,042,242
Deferred tax liabilities	980,475	1,325,139	1,260,658
Unallocated head office and corporate liabilities	<u>18,233,498</u>	<u>6,591,163</u>	<u>4,991,468</u>
Consolidated total liabilities	<u><u>39,798,780</u></u>	<u><u>31,123,346</u></u>	<u><u>33,294,368</u></u>

**Geographic information**

The Group's revenue is solely derived from external customers based in Hong Kong, which is the location at which the goods were delivered. The Group's non-current assets were located in Hong Kong as at 31 March 2016 and 2017 and 31 October 2017.

## 5 Other revenue and net (loss)/income

	Year ended 31 March 2016 HK\$	Year ended 31 March 2017 HK\$	Seven months ended 31 October 2016 HK\$ (unaudited)	Seven months ended 31 October 2017 HK\$
<b>Other revenue</b>				
Interest income	67	721	88	102
Scrap sale income	940,548	963,795	569,640	593,257
Rental income	216,000	216,000	126,000	—
Commission income	1,081,957	500,000	291,666	—
Sundry income	<u>252,367</u>	<u>123,712</u>	<u>113,522</u>	<u>31,070</u>
	<u>2,490,939</u>	<u>1,804,228</u>	<u>1,100,916</u>	<u>624,429</u>
<b>Other net (loss)/income</b>				
Net exchange gain	12,576	726	1,144	—
Loss on modification of finance lease (note)	(939,012)	—	—	—
(Loss)/gain on disposal of property, plant and equipment	<u>(29,333)</u>	<u>5,750</u>	<u>—</u>	<u>—</u>
	<u>(955,769)</u>	<u>6,476</u>	<u>1,144</u>	<u>—</u>

*Note:* On 15 November 2015, certain modifications were made to a finance lease arrangement entered into by the Group. The loss resulting from the lease modification was recognised as a loss by the Group.

## 6 Profit/(loss) before taxation

Profit/(loss) before taxation is arrived at after charging:

	Year ended 31 March 2016 HK\$	Year ended 31 March 2017 HK\$	Seven months ended 31 October 2016 HK\$ (unaudited)	Seven months ended 31 October 2017 HK\$
(a) <b>Finance costs</b>				
Finance charges on obligations under finance leases	<u>235,689</u>	<u>346,613</u>	<u>206,778</u>	<u>198,396</u>
(b) <b>Staff costs (including directors' remuneration) #</b>				
Contributions to defined contribution retirement plans	1,091,653	1,138,547	661,789	812,538
Salaries, wages and other benefits	<u>24,347,838</u>	<u>25,918,775</u>	<u>14,647,310</u>	<u>15,592,336</u>
	<u>25,439,491</u>	<u>27,057,322</u>	<u>15,309,099</u>	<u>16,404,874</u>
(c) <b>Other items</b>				
Auditors' remuneration	223,000	235,000	80,500	137,084
Cost of inventories (note 14(b)) #	93,639,736	102,518,928	59,950,833	60,710,513
Depreciation (note 12(a)) #	5,990,084	6,134,806	3,544,752	2,923,417
Amortisation	—	—	—	19,986
Listing expenses	—	2,154,405	—	7,353,732
Operating lease charges: minimum leases payments	7,928,554	8,616,678	5,230,626	5,268,038
Impairment loss recognised on trade receivables (note 15(b))	<u>124,963</u>	<u>—</u>	<u>—</u>	<u>40,801</u>

# Cost of inventories includes staff costs and depreciation expense of \$16,761,294, \$15,795,299, \$9,598,850 (unaudited) and \$8,939,974 for the year ended 31 March 2016 and 2017 and seven months ended 31 October 2016 and 2017 respectively, which amount is also included in respective total amounts disclosed separately above or in note 6(b) for each of these types of expenses.

7 **Income tax in the consolidated statements of profit or loss and other comprehensive income**

- (a) *Taxation in the consolidated statements of profit or loss and other comprehensive income represents:*

	Year ended 31 March 2016 HK\$	Year ended 31 March 2017 HK\$	Seven months ended 31 October 2016 HK\$ (unaudited)	Seven months ended 31 October 2017 HK\$
<b>Current tax</b>				
Provision for Hong Kong Profits				
Tax for the year/period	202,740	780,310	614,960	814,646
Under provision in respect of prior years	—	—	—	19,859
	202,740	780,310	614,960	834,505
<b>Deferred tax</b>				
Origination and reversal of temporary differences	1,028,306	344,664	15,374	(64,481)
	<u>1,231,046</u>	<u>1,124,974</u>	<u>630,334</u>	<u>770,024</u>

*Notes:*

- (i) Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.
- (ii) The provision for Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the Relevant Periods.

(b) *Reconciliation between income tax expense and accounting profit/(loss) at applicable tax rates:*

	Year ended 31 March 2016 HK\$	Year ended 31 March 2017 HK\$	Seven months ended 31 October 2016 HK\$ (unaudited)	Seven months ended 31 October 2017 HK\$
Profit/(loss) before taxation	<u>6,498,511</u>	<u>4,515,545</u>	<u>3,837,628</u>	<u>(3,612,115)</u>
Notional tax on profit/(loss) before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	1,072,254	745,065	633,209	(595,999)
Tax effect of non-deductible expenses	167,772	374,709	—	1,292,207
Tax effect of unused tax loss not recognised	—	—	—	67,127
Tax effect of non-taxable income	(7,699)	(8,619)	(15)	(17)
Over-provision in prior years	—	—	—	19,859
Others	<u>(1,281)</u>	<u>13,819</u>	<u>(2,860)</u>	<u>(13,153)</u>
Actual tax expense	<u>1,231,046</u>	<u>1,124,974</u>	<u>630,334</u>	<u>770,024</u>

8 **Directors' emoluments**

Directors' emoluments during the Relevant Periods which are included in the staff costs as disclosed in note 6(b) is as follows:

**2016**

	Year ended 31 March 2016			
	Discretionary bonus HK\$	Salaries, allowances and benefits in kind HK\$	Retirement scheme contributions HK\$	Total HK\$
<b>Directors</b>				
Chau Man Keung	—	1,056,000	18,000	1,074,000
Hsu Ching Loi	—	816,000	18,000	834,000
Leung Yuet Cheong	—	816,000	18,000	834,000
Wong Man Hin Joe	—	816,000	18,000	834,000
	<u>—</u>	<u>3,504,000</u>	<u>72,000</u>	<u>3,576,000</u>

## Year ended 31 March 2017

	Discretionary bonus <i>HK\$</i>	Salaries, allowances and benefits in kind <i>HK\$</i>	Retirement scheme contributions <i>HK\$</i>	Total <i>HK\$</i>
<b>Directors</b>				
Chau Man Keung	—	1,100,000	18,000	1,118,000
Hsu Ching Loi	—	860,000	18,000	878,000
Leung Yuet Cheong	—	860,000	18,000	878,000
Wong Man Hin Joe	—	838,000	18,000	856,000
	<u>—</u>	<u>3,658,000</u>	<u>72,000</u>	<u>3,730,000</u>

## Seven months ended 31 October 2017

	Discretionary bonus <i>HK\$</i>	Salaries, allowances and benefits in kind <i>HK\$</i>	Retirement scheme contributions <i>HK\$</i>	Total <i>HK\$</i>
<b>Directors</b>				
Chau Man Keung	—	385,000	10,500	395,500
Hsu Ching Loi	—	420,000	10,500	430,500
Leung Yuet Cheong	—	350,000	10,500	360,500
Wong Man Hin Joe	—	315,000	10,500	325,500
	<u>—</u>	<u>1,470,000</u>	<u>42,000</u>	<u>1,512,000</u>



*(Unaudited)*

Seven months ended 31 October 2016

	Discretionary bonus <i>HK\$</i>	Salaries, allowances and benefits in kind <i>HK\$</i>	Retirement scheme contributions <i>HK\$</i>	Total <i>HK\$</i>
<b>Directors</b>				
Chau Man Keung	—	634,000	10,500	644,500
Hsu Ching Loi	—	506,000	10,500	516,500
Leung Yuet Cheong	—	500,000	10,500	510,500
Wong Man Hin Joe	—	488,000	10,500	498,500
	<u>—</u>	<u>2,128,000</u>	<u>42,000</u>	<u>2,170,000</u>

*Notes:*

- (i) During the Relevant Periods, emoluments of Mr. Chau Man Keung and Mr. Hsu Ching Loi were paid by Universe Printing Holdings Limited and emoluments of Mr. Leung Yuet Cheong and Mr. Wong Man Hin Joe were paid by Startec Colour Separation Printing Limited for their directorship in those companies.
- (ii) No director received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the Relevant Periods. No director waived or agreed to waive any emoluments during the Relevant Periods.
- (iii) The Company did not have any share option scheme for the purchase of ordinary shares in the Company during the Relevant Periods.

## 9 Emoluments of five highest paid individuals

Of the five highest paid individuals of the Group during the Relevant Periods, 4 of these are directors for the years ended 31 March 2016 and 2017 and seven months ended 31 October 2016 and 2017 respectively, whose emoluments are disclosed in note 8. The emoluments in respect of the remaining individual are as follows:

	Year ended 31 March 2016 HK\$	Year ended 31 March 2017 HK\$	Seven months ended 31 October 2016 HK\$ (unaudited)	Seven months ended 31 October 2017 HK\$
Salaries, allowances and benefits in kind	502,000	560,175	324,888	268,033
Discretionary bonuses	—	17,000	—	—
Retirement scheme contributions	18,000	17,842	10,443	11,749
	<u>520,000</u>	<u>595,017</u>	<u>335,331</u>	<u>279,282</u>

## 10 Dividends

No dividend was declared or paid by the companies now comprising the Group to their then owners during the Relevant Periods. No dividend was declared or paid by the Company to its equity shareholders during the Relevant Periods.

## 11 Earnings/(loss) per share

The calculation of basic earnings earnings/(loss) per share for the Relevant Periods is based on the profit/(loss) attributable to owners of the Company for the years ended 31 March 2016 and 31 March 2017, and the seven months ended 31 October 2017 and 13,334 shares in issue before the Capitalisation Issue, as if the Reorganisation as set out in the section headed “History, Reorganisation and Corporate Structure” in the Prospectus have been effective on 31 March 2016.

There were no dilutive ordinary shares during the Relevant Periods and, therefore, diluted earnings/(loss) per share are the same as the basic earnings/(loss) per share.

## 12 Property, plant and equipment

## (a) Reconciliation of carrying amount

	Leasehold improvements <i>HK\$</i>	Furniture and equipment <i>HK\$</i>	Plant and machinery <i>HK\$</i>	Computer equipment <i>HK\$</i>	Motor vehicle <i>HK\$</i>	Total <i>HK\$</i>
<b>Cost:</b>						
At 1 April 2015	218,600	6,880	2,441,457	29,510	—	2,696,447
Additions	97,540	369,322	23,441,505	94,301	—	24,002,668
Disposals	(10,000)	—	(88,000)	—	—	(98,000)
At 31 March 2016	306,140	376,202	25,794,962	123,811	—	26,601,115
At 1 April 2016	306,140	376,202	25,794,962	123,811	—	26,601,115
Additions	243,400	141,211	1,303,776	294,874	—	1,983,261
Disposals	(30,000)	—	(57,000)	—	—	(87,000)
At 31 March 2017	519,540	517,413	27,041,738	418,685	—	28,497,376
At 1 April 2017	519,540	517,413	27,041,738	418,685	—	28,497,376
Additions	159,470	21,104	—	33,939	651,000	865,513
Disposals	(30,000)	—	—	—	—	(30,000)
At 31 October 2017	649,010	538,517	27,041,738	452,624	651,000	29,332,889
<b>Accumulated depreciation:</b>						
At 1 April 2015	(60,190)	(430)	(199,628)	(909)	—	(261,157)
Charge for the year	(165,321)	(89,435)	(5,683,132)	(52,196)	—	(5,990,084)
Written back on disposals	10,000	—	3,667	—	—	13,667
At 31 March 2016	(215,511)	(89,865)	(5,879,093)	(53,105)	—	(6,237,574)
At 1 April 2016	(215,511)	(89,865)	(5,879,093)	(53,105)	—	(6,237,574)
Charge for the year	(96,121)	(100,454)	(5,880,671)	(57,560)	—	(6,134,806)
Written back on disposals	30,000	—	22,750	—	—	52,750

**APPENDIX I**
**ACCOUNTANTS' REPORT**

	<b>Leasehold improvements</b>	<b>Furniture and equipment</b>	<b>Plant and machinery</b>	<b>Computer equipment</b>	<b>Motor vehicle</b>	<b>Total</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
At 31 March 2017	(281,632)	(190,319)	(11,737,014)	(110,665)	—	(12,319,630)
At 1 April 2017	(281,632)	(190,319)	(11,737,014)	(110,665)	—	(12,319,630)
Charge for the period	(75,148)	(58,622)	(2,613,575)	(62,147)	(113,925)	(2,923,417)
Written back on disposals	30,000	—	—	—	—	30,000
At 31 October 2017	(326,780)	(248,941)	(14,350,589)	(172,812)	(113,925)	(15,213,047)
<b>Net book value:</b>						
At 31 March 2016	90,629	286,337	19,915,869	70,706	—	20,363,541
At 31 March 2017	237,908	327,094	15,304,724	308,020	—	16,177,746
At 31 October 2017	322,230	289,576	12,691,149	279,812	537,075	14,119,842

**(b) Property, plant and equipment held under finance leases**

Certain plant and machinery were held under finance leases and their net book value is analysed as follows:

	<b>At 31 March</b>		<b>At</b>
	<b>2016</b>	<b>2017</b>	<b>31 October</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Cost - Capitalised finance leases	2,839,905	3,762,906	4,413,906
Accumulated depreciation	(848,555)	(1,780,281)	(2,446,685)
Net book value	1,991,350	1,982,625	1,967,221

The Group lease production plant and machinery under finance leases expiring in 4 years.

During the year ended 31 March 2016 and 2017 and seven months ended 31 October 2017, addition to plant and machinery financed by finance lease was HK\$570,429, HK\$923,001 and HK\$651,000 respectively.

## 13 Intangible asset

HK\$

**Cost:**

At 1 April 2015, 31 March 2016, 1 April 2016, 31 March 2017 and 1 April 2017	—
Addition	<u>390,891</u>

At 31 October 2017	<u>390,891</u>
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**Accumulated amortisation:**

At 1 April 2015, 31 March 2016, 1 April 2016, 31 March 2017 and 1 April 2017	—
Charge for the period	<u>(19,986)</u>

At 31 October 2017	<u>(19,986)</u>
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**Net book value:**

At 31 March 2016	<u>—</u>
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At 31 March 2017	<u>—</u>
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At 31 October 2017	<u>370,905</u>
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## 14 Inventories

(a) *Inventories in the consolidated statements of financial position comprise:*

	At 31 March		At
	2016	2017	31 October
	HK\$	HK\$	2017
			HK\$
Raw materials	2,067,515	1,578,953	1,655,082
Work in progress	659,270	545,305	1,911,553
Finished goods	236,834	504,997	472,149
Consumable stores	<u>—</u>	<u>633,474</u>	<u>657,694</u>
	<u>2,963,619</u>	<u>3,262,729</u>	<u>4,696,478</u>

- (b) *The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:*

	At 31 March		At 31 October
	2016	2017	2017
	HK\$	HK\$	HK\$
Carrying amount of inventories sold	<u>93,639,736</u>	<u>102,518,928</u>	<u>60,710,513</u>

#### 15 Trade and other receivables

	At 31 March		At 31 October
	2016	2017	2017
	HK\$	HK\$	HK\$
Trade receivables	8,596,269	9,059,196	13,896,033
Less: allowance for doubtful debts	<u>(53,798)</u>	<u>(53,798)</u>	<u>(94,599)</u>
	8,542,471	9,005,398	13,801,434
Deposits, prepayments and other receivables	<u>1,536,506</u>	<u>2,498,864</u>	<u>4,149,606</u>
	<u>10,078,977</u>	<u>11,504,262</u>	<u>17,951,040</u>

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

#### (a) Ageing analysis

At 31 March 2016 and 2017 and 31 October 2017, the ageing analysis of trade receivables (which are included in trade and other receivables), based on invoice date and net of allowance for doubtful debts, is as follows:

	At 31 March		At 31 October
	2016	2017	2017
	HK\$	HK\$	HK\$
Within 1 month	4,701,774	5,112,335	5,236,501
1 to 2 months	1,553,440	1,628,208	4,067,866
2 to 3 months	1,174,468	838,664	1,743,128
Over 3 months	<u>1,112,789</u>	<u>1,426,191</u>	<u>2,753,939</u>
	<u>8,542,471</u>	<u>9,005,398</u>	<u>13,801,434</u>

Trade receivables are normally due within 30 to 90 days from invoice date. Further details on the Group's credit policy are set out in note 23(a).

(b) *Impairment of trade receivables*

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly (see note 2(h)(i)).

The movement in allowance for doubtful debts during the year/period, including both specific and collective loss components, is as follows:

	At 31 March		At 31 October
	2016	2017	2017
	HK\$	HK\$	HK\$
At the beginning of the year/period	—	53,798	53,798
Impairment loss recognised	124,963	—	40,801
Uncollectible amounts written off	<u>(71,165)</u>	<u>—</u>	<u>—</u>
At the end of the year/period	<u>53,798</u>	<u>53,798</u>	<u>94,599</u>

At 31 March 2016 and 2017 and 31 October 2017, the Group's trade receivables of HK\$53,798, HK\$53,798, and HK\$94,599 were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that none at 31 March 2016, none at 31 March 2017 and none at 31 October 2017 of these receivables are expected to be recovered. Consequently, the Group recognised specific allowance for doubtful debts of HK\$53,798 at 31 March 2016, HK\$53,798 at 31 March 2017 and HK\$94,599 at 31 October 2017. The Group does not hold any collateral over these balances.

(c) *Trade receivables that are not impaired*

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	At 31 March		At
	2016	2017	31 October
	HK\$	HK\$	HK\$
Neither past due nor impaired	5,776,711	6,394,226	8,721,682
Less than 1 month past due	1,331,060	979,987	1,941,523
1 to 3 months past due	927,014	942,043	1,731,484
Over 3 months past due	507,686	689,142	1,406,745
At the end of the year/period	<u>8,542,471</u>	<u>9,005,398</u>	<u>13,801,434</u>

Trade receivables which were neither past due nor impaired related to a range of customers for which there was no recent history of default.

Trade receivables which were past due but not impaired related to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

16 **Amounts due from/(to) related companies, shareholders, directors and other related parties**

The amounts due from/(to) related companies, shareholders, directors and other related parties are interest-free, unsecured and recoverable/(repayable) on demand. The related companies and other related parties are companies under the control of common shareholders and are under common directorship of the Group and a partnership under the control of common shareholders of the Group.

17 **Cash and cash equivalents**(a) *Cash and cash equivalents comprise:*

	At 31 March		At
	2016	2017	31 October
	HK\$	HK\$	HK\$
Cash at bank and in hand	<u>5,776,446</u>	<u>20,993,052</u>	<u>19,825,612</u>



(b) *Reconciliation of profit before taxation to cash generated from operations:*

		Year ended	Year ended	Seven months	Seven months
	Note	31 March	31 March	ended 31	ended 31
		2016	2017	October	October
		HK\$	HK\$	HK\$	HK\$
				(unaudited)	
<b>Operating activities</b>					
Profit/(loss) before taxation		6,498,511	4,515,545	3,837,628	(3,612,115)
Adjustments for:					
Finance costs	6(a)	235,689	346,613	206,778	198,396
Depreciation	6(c)	5,990,084	6,134,806	3,544,752	2,923,417
Amortisation	6(c)	—	—	—	19,986
Loss/(gain) on disposal of property, plant and equipment	5	29,333	(5,750)	—	—
Loss on modification of finance lease	5	939,012	—	—	—
Interest income	5	(67)	(721)	(88)	(102)
Reversal of provision for reinstatement cost		(10,000)	(30,000)	—	(30,000)
Provision for long service payment		442,139	66,518	—	—
<b>Operating profit/(loss) before changes in working capital</b>		14,124,701	11,027,011	7,589,070	(500,418)
Changes in working capital:					
Increase in inventories		(2,663,245)	(299,109)	(815,916)	(1,433,749)
Increase in trade and other receivables		(6,487,329)	(707,150)	(740,298)	(4,544,691)
(Increase)/decrease in amounts due from directors		(638,276)	(1,094,342)	91,295	1,732,618
(Increase)/decrease in amounts due from other related parties		(1,183,051)	(436,078)	(1,112,973)	5,106,576
Decrease in amount due from a shareholder		—	—	—	78,000
Increase in trade and other payables		16,640,739	2,401,990	3,809,837	3,970,904
Decrease in amount due to a related company		(5,463,912)	—	—	—
Increase/(decrease) in amount due to a director		1,388,838	173,136	206,157	(1,754,960)
<b>Cash generated from operations</b>		<u>15,718,465</u>	<u>11,065,458</u>	<u>9,027,172</u>	<u>2,654,280</u>

(c) *Reconciliation of liabilities arising from financing activities*

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

	Amount due to related companies HK\$	Finance leases HK\$
At 1 April 2015	—	2,424,100
<b>Changes from financing cash flows:</b>		
Capital element of finance lease rentals paid	—	(504,054)
Interest element of finance lease rentals paid	—	(235,689)
Advances from related companies	15,031,422	—
Repayment of advances from related companies	<u>(1,416,269)</u>	<u>—</u>
Total changes from financing cash flows	<u>13,615,153</u>	<u>(739,743)</u>
<b>Other changes:</b>		
New finance leases	—	570,429
Modification of finance lease	—	939,012
Finance charges on obligation under finance leases	<u>—</u>	<u>235,689</u>
Total other changes	<u>—</u>	<u>1,745,130</u>
At 31 March 2016	<u>13,615,153</u>	<u>3,429,487</u>
At 1 April 2016	13,615,153	3,429,487
<b>Changes from financing cash flows:</b>		
Capital element of finance lease rentals paid	—	(568,600)
Interest element of finance lease rentals paid	—	(346,613)
Advances from related companies	3,252,636	
Repayment of advances from related companies	<u>(16,069,089)</u>	<u>—</u>
Total changes from financing cash flows	<u>(12,816,453)</u>	<u>(915,213)</u>

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	Amount due to related companies <i>HK\$</i>	Finance leases <i>HK\$</i>
<b>Other changes:</b>		
New finance leases	—	923,001
Finance charges on obligation under finance leases	—	346,613
Total other changes	—	1,269,614
At 31 March 2017	798,700	3,783,888
At 1 April 2017	798,700	3,783,888
<b>Changes from financing cash flows:</b>		
Capital element of finance lease rentals paid	—	(687,246)
Interest element of finance lease rentals paid	—	(198,396)
Repayment of advances from related companies	(798,700)	—
Total changes from financing cash flows	(798,700)	(885,642)
<b>Other changes:</b>		
New finance leases	—	651,000
Finance charges on obligation under finance leases	—	198,396
Total other changes	—	849,396
At 31 October 2017	—	3,747,642

**18 Trade and other payables**

	At 31 March 2016 <i>HK\$</i>	2017 <i>HK\$</i>	At 31 October 2017 <i>HK\$</i>
Trade payables	15,145,476	16,720,894	17,380,167
Accruals	2,425,055	2,647,176	4,485,400
Other payables	1,352,707	1,508,064	1,402,456
Receipts in advance from customers	865,863	1,381,475	2,960,490
	19,789,101	22,257,609	26,228,513

Note:

- (i) At 31 March 2016 and 2017 and 31 October 2017, the ageing analysis of trade payables based on the invoice date is as follows:

	At 31 March		At 31 October
	2016	2017	2017
	HK\$	HK\$	HK\$
Within 1 month	6,066,162	6,317,429	10,762,097
1 to 2 months	2,539,020	7,065,190	2,908,497
2 to 3 months	3,375,590	2,867,125	1,553,024
Over 3 months	3,164,704	471,150	2,156,549
	<u>15,145,476</u>	<u>16,720,894</u>	<u>17,380,167</u>

## 19 Obligations under finance leases

At 31 March 2016 and 2017 and 31 October 2017, the Group had obligations under finance leases repayable as follows:

	At 31 March		At 31 October	
	2016	2017	2017	
	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments
	HK\$	HK\$	HK\$	HK\$
Within 1 year	549,295	827,055	887,254	1,176,831
After 1 year but within 2 years	599,214	827,055	835,558	1,055,526
After 2 year but within 5 years	2,280,978	2,619,009	2,061,076	2,267,934
	<u>2,880,192</u>	<u>3,446,064</u>	<u>2,896,634</u>	<u>3,323,460</u>
	<u>3,429,487</u>	<u>4,273,119</u>	<u>3,783,888</u>	<u>4,500,291</u>
Less: total future interest expenses		<u>(843,632)</u>		<u>(716,403)</u>
Present value of lease obligations		<u>3,429,487</u>		<u>3,783,888</u>
				<u>3,747,642</u>

## 20 Income tax in the consolidated statements of financial position

(a) *Current taxation in the consolidated statements of financial position represents:*

	At 31 March		At 31 October
	2016	2017	2017
	HK\$	HK\$	HK\$
Provision for Hong Kong Profits Tax for the year/period	202,740	780,310	814,646
Balance of Hong Kong Profits Tax provision relating to prior years	—	202,740	1,002,909
	<u>202,740</u>	<u>983,050</u>	<u>1,817,555</u>

(b) *Deferred tax assets/(liabilities) recognised*

The components of deferred tax assets/(liabilities) recognised in the consolidated statements of financial position during the Relevant Periods are as follows:

	Tax losses	Depreciation allowances in excess of related depreciation	Total
	HK\$	HK\$	HK\$
<b>Deferred tax arising from:</b>			
At 1 April 2015	143,979	(96,148)	47,831
Credited/(charged) to profit or loss	<u>725,593</u>	<u>(1,753,899)</u>	<u>(1,028,306)</u>
As 31 March 2016	<u>869,572</u>	<u>(1,850,047)</u>	<u>(980,475)</u>
At 1 April 2016	869,572	(1,850,047)	(980,475)
(Charged)/credited to profit or loss	<u>(869,572)</u>	<u>524,908</u>	<u>(344,664)</u>
At 31 March 2017	<u>—</u>	<u>(1,325,139)</u>	<u>(1,325,139)</u>
At 1 April 2017	—	(1,325,139)	(1,325,139)
Credited to profit or loss	<u>—</u>	<u>64,481</u>	<u>64,481</u>
At 31 October 2017	<u>—</u>	<u>(1,260,658)</u>	<u>(1,260,658)</u>

**21 Provision for reinstatement cost**

At 1 April 2015	\$180,000
Additions	30,000
Reversal of provision for reinstatement costs	<u>(10,000)</u>
At 31 March 2016	<u>\$200,000</u>
At 1 April 2016	\$200,000
Additions	50,000
Reversal of provision for reinstatement costs	<u>(30,000)</u>
At 31 March 2017	<u>\$220,000</u>
At 1 April 2017	\$220,000
Additions	50,000
Reversal of provision for reinstatement costs	<u>(30,000)</u>
At 31 October 2017	<u>\$240,000</u>

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

## 22 Capital and reserves

(a) *Movement in components of equity*

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity.

(b) *Share capital*

	Number of shares	Amount HK\$
<b>Authorised:</b>		
Ordinary shares of HK\$0.01 each at 27 April 2017 (date of incorporation) and 31 October 2017	38,000,000	380,000
<b>Issued:</b>		
At 27 April 2017 (date of incorporation)	1	—
Issue of ordinary shares for share swap between the Company and Universe Printshop Limited	<u>13,333</u>	<u>133</u>
At 31 October 2017	<u><u>13,334</u></u>	<u><u>133</u></u>

The Company was incorporated on 27 April 2017 and the Reorganisation of the Group was completed on 8 June 2017.

The Company was incorporated with an authorised share capital of \$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each. One ordinary share of HK\$0.01 was allotted and issued at nil paid upon incorporation.

On 27 April 2017, the Company issued an additional 13,333 shares at nil paid. The Company credited all ordinary shares outstanding as of 8 June 2017 as fully paid.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to Company's residual assets.

As the Reorganisation was not completed during the Track Record Period, for the purpose of this report, the share capital as at 31 March 2016 and 2017 represents the aggregate issued and paid-up capital of the companies comprising the Group at the respective dates, after elimination of investment in subsidiaries.

(c) *Share premium*

Prior to the incorporation of the Company on 27 April 2017, the share premium account represented the difference between the par value of shares of Universe Printshop Limited, the former holding company of the Group prior to the completion of the Reorganisation and proceeds received from the issuance of shares of Universe Printshop Limited.

The application of the share premium account is governed by the Companies Law (2016 Revision) (as consolidated and revised) of the Cayman Islands. The fund in the share premium account of the Company is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(d) *Capital reserve*

The capital reserve represented the difference between the par value of the Company's shares issued and the equity of Universe Printshop Limited acquired during the Reorganisation. Pursuant to the Reorganisation, the Company issued 13,333 shares of HK\$0.01 each to the then shareholders of Universe Printshop Limited in consideration of acquiring their equity interests held in Universe Printshop Limited. The difference between the then shareholders' equity of Universe Printshop Limited over the par value of the shares issued by the Company was transferred to the capital reserve at the date of Reorganisation.

(e) *Capital management*

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

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

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

(f) *Distributable reserves*

The Company was incorporated on 27 April 2017. There were no reserves available for distribution to equity shareholders as at 31 October 2017.



**23 Financial risk management and fair values**

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

**(a) Credit risk**

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

Cash is deposited with financial institutions with sound credit ratings and the Group has exposure limit to any single financial institution. Given their high credit ratings, management does not expect any of these financial institutions and counterparties will fail to meet their obligations.

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

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 15.

**(b) Liquidity risk**

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

The following table details the remaining contractual maturities as at 31 March 2016 and 2017 and 31 October 2017 of the Group's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group can be required to pay:

At 31 March 2016						
	Carrying amount HK\$	Total contractual undiscounted cash flow HK\$	Within 12 months or on demand HK\$	More than 1 year but less than 2 years HK\$	More than 2 years but less than 5 years HK\$	More than 5 years HK\$
Trade payables, accruals and other payables	18,923,238	18,923,238	18,923,238	—	—	—
Obligations under finance leases	3,429,487	4,273,119	827,055	827,055	2,619,009	—
Amounts due to related companies	13,615,153	13,615,153	13,615,153	—	—	—
Amount due to a director	<u>1,581,824</u>	<u>1,581,824</u>	<u>1,581,824</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>37,549,702</u>	<u>38,393,334</u>	<u>34,947,270</u>	<u>827,055</u>	<u>2,619,009</u>	<u>—</u>
At 31 March 2017						
	Carrying amount HK\$	Total contractual undiscounted cash flow HK\$	Within 12 months or on demand HK\$	More than 1 year but less than 2 years HK\$	More than 2 years but less than 5 years HK\$	More than 5 years HK\$
Trade payables, accruals and other payables	20,876,134	20,876,134	20,876,134	—	—	—
Obligations under finance leases	3,783,888	4,500,291	1,176,831	1,055,526	2,267,934	—
Amounts due to related companies	798,700	798,700	798,700	—	—	—
Amount due to a director	<u>1,754,960</u>	<u>1,754,960</u>	<u>1,754,960</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>27,213,682</u>	<u>27,930,085</u>	<u>24,606,625</u>	<u>1,055,526</u>	<u>2,267,934</u>	<u>—</u>

At 31 October 2017						
	Carrying amount HK\$	Total contractual undiscounted cash flow HK\$	Within 12 months or on demand HK\$	More than 1 year but less than 2 years HK\$	More than 2 years but less than 5 years HK\$	More than 5 years HK\$
Trade payables, accruals and other payables	23,268,023	23,268,023	23,268,023	—	—	—
Obligations under finance leases	<u>3,747,642</u>	<u>4,525,072</u>	<u>1,377,919</u>	<u>1,201,998</u>	<u>1,945,155</u>	<u>—</u>
	<u>27,015,665</u>	<u>27,793,095</u>	<u>24,645,942</u>	<u>1,201,998</u>	<u>1,945,155</u>	<u>—</u>

(c) *Interest rate risk*

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

(d) *Foreign currency risk*

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

(e) *Fair values measurement*

The carrying amounts of the Group's financial assets and liabilities carried at cost or amortised cost are not materially different from their fair values as at 31 March 2016 and 2017 and 31 October 2017.

## 24 Commitments

At 31 March 2016 and 2017 and 31 October 2017, the Group's total future minimum lease payments under non-cancellable operating leases are payable as follows:

- (a) *Capital commitments outstanding at the end of each reporting period not provided for in the financial statements were as follows:*

	At 31 March		At 31 October
	2016	2017	2017
	HK\$	HK\$	HK\$
Contracted for	<u>—</u>	<u>659,139</u>	<u>109,500</u>

As at 31 October 2017, the Group is committed to certain contracts for the acquisition of property, plant and equipment.

- (b) *At 31 March 2016 and 2017 and 31 October 2017, the Group's total future minimum lease payments under non-cancellable operating leases are payable as follows:*

	At 31 March		At 31 October
	2016	2017	2017
	HK\$	HK\$	HK\$
Within 1 year	3,127,310	3,516,540	7,288,100
After 1 year but within 5 years	<u>588,820</u>	<u>1,810,400</u>	<u>6,167,434</u>
Total	<u>3,716,130</u>	<u>5,326,940</u>	<u>13,455,534</u>

The company leases a number of properties under operating leases. The leases typically run for an initial period of one to two years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

**25 Material related party transactions**

During the Relevant Periods, the directors are of the view that the following are related parties of the Group:

<b>Name of party</b>	<b>Relationship with the Group</b>
Universe Printing Company Limited	Company under the control of common shareholders and under common directorship of the Company
Startec Colour Separation Company Limited	Company under the control of common shareholders and under common directorship of the Company
Easy Shop Hong Kong Limited	Company under the control of common shareholders and under common directorship of the Company
Universe Samfine Limited	Company under the control of common shareholders and under common directorship of the Company
Man Luen Travel Limited	Company under the control of common shareholders and under common directorship of the Company
Print Shop	Partnership under the control of common shareholders of the Company

**(a) Transactions with key management personnel**

All members of key management personnel are the directors of the Group and their remuneration is disclosed in note 8.

(b) *Transactions with other related parties*

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

	Year ended 31 March 2016 HK\$	Year ended 31 March 2017 HK\$	Seven months ended 31 October 2016 HK\$ (unaudited)	Seven months ended 31 October 2017 HK\$
Sales of finished goods to a related party				
- Easy Shop Hong Kong Limited	27,906	—	—	—
Rental expenses				
- Universe Printing Company Limited	2,259,000	2,886,000	1,683,500	1,684,000
- Universe Samfine Limited	364,500	400,800	233,800	—
Considerations payable upon the transfer of assets and liabilities				
- Universe Printing Company Limited	16,458,133	—	—	—
- Startec Colour Separation Company Limited	701,886	—	—	—
- Print Shop Limited	<u>133,354</u>	<u>—</u>	<u>—</u>	<u>—</u>
Cash advances from related companies				
- Universe Printing Company Limited	14,504,018	2,712,636	2,077,259	—
- Startec Colour Separation Company Limited	<u>527,404</u>	<u>540,000</u>	<u>250,000</u>	<u>—</u>
Repayment of cash advances from related companies				
- Universe Printing Company Limited	1,416,269	15,800,385	9,581,620	—
- Startec Colour Separation Company Limited	<u>—</u>	<u>268,704</u>	<u>222,901</u>	<u>798,700</u>

(c) *Balances with related parties*

As at 31 March 2016 and 2017 and 31 October 2017, the Group had the following balances with related parties:

	At 31 March		At 31 October
	2016	2017	2017
	HK\$	HK\$	HK\$
(i) Amounts due from other related parties (note 16)			
- Print Shop	3,259,857	2,915,030	—
- Man Luen Travel Limited	2,250	2,250	—
- Universe Samfine Limited	1,276,873	1,517,757	—
- Universe Printing Company Limited	—	540,021	—
- Easy Shop Hong Kong Limited	<u>131,518</u>	<u>131,518</u>	<u>—</u>
(ii) Amounts due to related companies (note 16)			
- Universe Printing Company Limited	(13,087,749)	—	—
- Startec Colour Separation Company Limited	<u>(527,404)</u>	<u>(798,700)</u>	<u>—</u>
(iii) Amounts due from shareholders (note 16)	<u>78,000</u>	<u>78,000</u>	<u>—</u>
(iv) Amounts due from directors (note 16)	<u>638,276</u>	<u>1,732,618</u>	<u>—</u>
(v) Amount due to a director (note 16)	<u>(1,581,824)</u>	<u>(1,754,960)</u>	<u>—</u>

The balances are not trade-related, unsecured, interest-free and recoverable/(repayable) on demand.

**26 Possible impact of amendments, new standards and interpretations issued but not yet effective for the seven months ended 31 October 2017**

Up to the date of issue of the Financial Information, the HKICPA has issued a number of amendments and new standards which are not yet effective for the period ended 31 October 2017 and which have not been adopted in the Financial Information. These include the following:

	<i>Effective for accounting periods beginning on or after</i>
Amendments to HKFRSs, <i>Annual improvements 2014 - 2016 cycle</i>	1 January 2018
HK(IFRIC)-Int 22 <i>Foreign currency translation and advance consideration</i>	1 January 2018
Amendments to HKFRS 4 <i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts (amendments)</i>	1 January 2018
Amendments to HKAS 40, <i>Investment properties</i>	1 January 2018
HKFRS 9, <i>Financial instruments</i>	1 January 2018
HKFRS 15, <i>Revenue from contracts with customers</i>	1 January 2018
Amendments to HKFRS 2, <i>Share-based payment: Classification and measurement of share-based payment transactions</i>	1 January 2018
HKFRS 16, <i>Leases</i>	1 January 2019
HK(IFRIC) 23 <i>Uncertainty of income tax treatments</i>	1 January 2018
Amendments to HKFRS 10 and HKAS 28, <i>Sale or contribution of assets between an investor and its associate or joint venture</i>	Postponed indefinitely

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. As the Group has not completed its assessment, further impacts may be identified in due course and will be taken into consideration when determining whether to adopt any of these new requirements before their effective date and which transitional approach to take, where there are alternative approaches allowed under the new standards.

***HKFRS 9, Financial instruments***

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39, Financial instruments: Recognition and measurement. HKFRS 9 introduces new requirements for classification and measurement of financial assets, including the measurement of impairment of financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification and measurement of financial liabilities.



HKFRS 9 is effective for annual periods beginning on or after 1 January 2018 on a retrospective basis. The Group plans to use the exemption from restating comparative information and will recognise any transition adjustments against opening balance of equity at 1 January 2018.

Expected impacts of the new requirements on the Group's financial statements are as follows:

*Classification and measurement*

HKFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss (FVTPL) and (3) fair value through other comprehensive income (FVTOCI).

Based on the preliminary assessment, the group expects that its financial assets currently measured at amortised cost will continue with their respective classification and measurements upon the adoption of HKFRS 9. The group currently does not have any financial assets designated at FVTPL or FVTOCI.

The classification and measurement requirements for financial liabilities under HKFRS 9 are largely unchanged from HKAS 39, except that HKFRS 9 requires the fair value change of a financial liability designated at FVTPL that is attributable to changes of that financial liability's own credit risk to be recognised in other comprehensive income (without reclassification to profit or loss). The group currently does not have any financial liabilities designated at FVTPL and therefore considers the initial application of HKFRS 9 will not have a significant impact on the Group's results of operations and financial position.

*Impairment*

The new impairment model in HKFRS 9 replaces the "incurred loss" model in HKAS 39 with an "expected credit loss" model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure expected credit losses as either 12-month expected credit losses or lifetime expected credit losses, depending on the asset and the facts and circumstances. This new impairment model may result in an earlier recognition of credit losses on the Group's trade receivables and other financial assets. However, a more detailed analysis is required to determine the extent of the impact.

***HKFRS 15, Revenue***

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 will replace the existing revenue standards, HKAS 18, *Revenue*, which covers revenue arising from sale of goods and rendering of services, and HKAS 11, *Construction contracts*, which specifies the accounting for revenue from construction contracts. The Group is currently assessing the impacts of adopting HKFRS 15 on its consolidated financial statements. Based on the preliminary assessment, the Group considers that the initial application of HKFRS 15 will not have a significant impact on the Group's results of operations and financial position.

***HKFRS 16, Leases***

As disclosed in principal accounting policies note 2(g), currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The Group enters into some leases as the lessor and others as the lessee.

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding “right-of-use” asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Group’s accounting as a lessee of leases for properties, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. As disclosed in note 24(b), at 31 March 2017 and 31 October 2017, the Group’s future minimum lease payments under non-cancellable operating leases amount to \$5,326,940 and \$13,455,534 for properties, the majority of which is payable either between 1 and 5 years after the reporting date. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting. So far the directors of the Group do not expect the adoption of HKFRS 16 would result in significant impact on the results and the net assets of the Group.

**27 Subsequent events*****Capitalisation issue***

Pursuant to the written resolutions of the equity shareholders of the Company passed on 26 February 2018 as detailed in the section headed “Appendix IV — Statutory and General Information — A. Further Information About Our Company And Our Subsidiaries — 5. Written resolutions of Shareholders passed on 26 February 2018” in the Prospectus, the directors of the Company were authorised to allot and issue, on the date of the initial listing of shares of the Company on GEM of The Stock Exchange of Hong Kong Limited (the “Listing Date”), a total of 674,986,666 shares credited as fully paid at par value to the holders of the ordinary shares whose names appear on the register of members of the Company at the close of business day preceding the Listing Date, in proportion to their then respective shareholdings. The shares to be allotted and issued rank *pari passu* in all respects with the shares in issue.

**C SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements have been prepared by the Company, and its subsidiaries now comprising the Group, in respect of any period subsequent to 31 October 2017.

## APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION

*The information set forth in this appendix does not form part of the Accountants' Report from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, as set forth in Appendix I to this prospectus, and is included herein for illustrative purposes only.*

*The unaudited pro forma financial information should be read in conjunction with "Financial Information" in this prospectus and the financial information included in the Accountants' Report set forth in Appendix I to this prospectus.*

### A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of the Group prepared in accordance with paragraph 7.31 of the GEM Listing Rules is to illustrate the effect of the Share Offer on the net tangible assets of the Group attributable to owners of the Company as at 31 October 2017 as if the Share Offer had taken place on that date. The unaudited pro forma statement of net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not provide a true picture of the net tangible assets attributable to owners of the Company had the Share Offer been completed as at 31 October 2017 or at any future date.

	Consolidated net tangible assets attributable to owners of the Company as at 31 October 2017 HK\$'000 (note 1)	Estimated net proceeds from the Share Offer HK\$'000 (note 2)	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share HK\$ (note 3)
Based on the Offer Price of:				
- HK\$0.20 per Share	23,408	32,241	55,649	0.06
- HK\$0.24 per Share	<u>23,408</u>	<u>41,241</u>	<u>64,649</u>	<u>0.07</u>

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## APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION

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*Notes:*

1. The consolidated net tangible assets attributable to owners of the Company as at 31 October 2017 have been based on the consolidated net assets attributable to owners of the Company of HK\$23.8 million as at 31 October 2017 after deduction of intangible assets of HK\$0.4 million.
2. The estimated net proceeds from the Share Offer are based on the estimated Offer Price of HK\$0.20 per Share (being the minimum Offer Price) or HK\$0.24 per Share (being the maximum Offer Price), after deduction of the estimated underwriting fees and other listing expenses payable of approximately HK\$12.8 million (excluding listing expenses of approximately HK\$9.5 million that we incurred during the Track Record Period) and 225,000,000 Shares expected to be issued under the Share Offer.
3. The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per share is arrived at on the basis that 900,000,000 Shares are expected to be in issue immediately following the completion of the Share Offer. It does not take into accounts any shares which may be based upon the exercise of any options which may be granted under the Share Option Scheme.
4. No adjustment has been made to the unaudited pro forma consolidated net tangible assets attributable to owners of the Company to reflect any trading results or other transactions of the Group entered into subsequent to 31 October 2017.

**B.    REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION**

*The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose in this prospectus.*

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE  
COMPILATION OF PRO FORMA FINANCIAL INFORMATION****TO THE DIRECTORS OF UNIVERSE PRINTSHOP HOLDINGS LIMITED**

We have completed our assurance engagement to report on the compilation of pro forma financial information of Universe Printshop Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets as at 31 October 2017 and related notes as set out in Part A of Appendix II to the prospectus dated 13 March 2018 (the "Prospectus") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix II to the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed offering of the ordinary shares of the Company (the "Share Offer") on the Group's financial position as at 31 October 2017 as if the Share Offer had taken place at 31 October 2017. As part of this process, information about the Group's financial position as at 31 October 2017 has been extracted by the Directors from the Group's historical financial information included in the Accountants' Report as set out in Appendix I to the Prospectus.

**Directors' Responsibilities for the Pro Forma Financial Information**

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

**Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Reporting Accountants’ Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (“HKSAE”) 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 7.31 of the GEM Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of events or transactions as at 31 October 2017 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants’ judgement, having regard to the reporting accountants’ understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

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## APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION

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The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

### **Opinion**

In our opinion:

- a) the pro forma financial information has been properly compiled on the basis stated;
- b) such basis is consistent with the accounting policies of the Group; and
- c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

**KPMG**

*Certified Public Accountants*

Hong Kong

13 March 2018

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## APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

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Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 27 April, 2017 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the “Companies Law”). The Company’s constitutional documents consist of its Memorandum of Association (the “Memorandum”) and its Articles of Association (the “Articles”).

### 1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

### 2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 26 February 2018 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

#### (a) Shares

##### (i) *Classes of shares*

The share capital of the Company consists of ordinary shares.

##### (ii) *Variation of rights of existing shares or classes of shares*

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting)



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## APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

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shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

### (iii) *Alteration of capital*

The Company may by ordinary resolution of its members:

- (i) increase its share capital by the creation of new shares;
- (ii) consolidate all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;
- (iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

### (iv) *Transfer of shares*

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

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## APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

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The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

### **(v) *Power of the Company to purchase its own shares***

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

### **(vi) *Power of any subsidiary of the Company to own shares in the Company***

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

### **(vii) *Calls on shares and forfeiture of shares***

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay

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## APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

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interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

### (b) **Directors**

#### (i) *Appointment, retirement and removal*

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

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### **APPENDIX III      SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW**

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The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

- (aa) he resigns by notice in writing delivered to the Company;
- (bb) he becomes of unsound mind or dies;
- (cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;
- (dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) he is prohibited from being a director by law; or
- (ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

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## **APPENDIX III      SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW**

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### **(ii) *Power to allot and issue shares and warrants***

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

### **(iii) *Power to dispose of the assets of the Company or any of its subsidiaries***

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

### **(iv) *Borrowing powers***

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

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## APPENDIX III      SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

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### (v) *Remuneration*

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

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(vi) *Compensation or payments for loss of office*

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) *Loans and provision of security for loans to Directors*

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) *Disclosure of interests in contracts with the Company or any of its subsidiaries*

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

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A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or
- (ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

### **(c) Proceedings of the Board**

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.



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### (d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

### (e) Meetings of members

#### (i) *Special and ordinary resolutions*

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

#### (ii) *Voting rights and right to demand a poll*

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

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

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If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

### (iii) *Annual general meetings*

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

### (iv) *Notices of meetings and business to be conducted*

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

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All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of directors in place of those retiring;
- (dd) the appointment of auditors and other officers;
- (ee) the fixing of the remuneration of the directors and of the auditors;
- (ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and
- (gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(v) ***Quorum for meetings and separate class meetings***

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) ***Proxies***

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a

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proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

### (f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

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### **(g) Dividends and other methods of distribution**

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

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Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

### **(h) Inspection of corporate records**

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

### **(i) Rights of minorities in relation to fraud or oppression**

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

### **(j) Procedures on liquidation**

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and

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- (ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

### **(k) Subscription rights reserve**

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

## **3. CAYMAN ISLANDS COMPANY LAW**

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

### **(a) Company operations**

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

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### **(b)   Share capital**

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the “share premium account”. At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

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

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the “**Court**”), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

### **(c)   Financial assistance to purchase shares of a company or its holding company**

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company’s shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm’s-length basis.

### **(d)   Purchase of shares and warrants by a company and its subsidiaries**

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company’s articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association,



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purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

### **(e) Dividends and distributions**

The Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

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### **(f)    Protection of minorities and shareholders' suits**

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

### **(g)    Disposal of assets**

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

### **(h)    Accounting and auditing requirements**

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

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Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

**(i)    Exchange control**

There are no exchange control regulations or currency restrictions in the Cayman Islands.

**(j)    Taxation**

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 17 May 2017.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

**(k)    Stamp duty on transfers**

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

**(l)    Loans to directors**

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

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## **APPENDIX III      SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW**

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### **(m) Inspection of corporate records**

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

### **(n) Register of members**

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

### **(o) Register of Directors and Officers**

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within sixty (60) days of any change in such directors or officers.

### **(p) Register of Beneficial Ownership**

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, more than 25% of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The register of beneficial ownership is not a public document and is only accessible by a designated competent authority of the Cayman Islands. Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the Company is listed on the Stock Exchange, it is not required to maintain a register of beneficial ownership.

### **(q) Winding up**

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

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## APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

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The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

### (r) **Reconstructions**

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

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## **APPENDIX III     SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW**

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### **(s)     Take-overs**

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

### **(t)     Indemnification**

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

## **4.     GENERAL**

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix V to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

**A. FURTHER INFORMATION ABOUT OUR COMPANY AND OUR SUBSIDIARIES****1. Incorporation of our Company**

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 27 April 2017. Our registered office is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. Our Company has established a principal place of business in Hong Kong at Office F, 12/F, Legend Tower, 7 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 26 May 2017. Mr. Chau has been appointed as an authorised representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, it is subject to the relevant laws of the Cayman Islands and the Memorandum of Association and the Articles of Association. Accordingly, our corporate structure and Articles are subject to the Companies Law and other relevant laws of the Cayman Islands. A summary of our constitution is set out in Appendix III to this prospectus.

**2. Changes in Share Capital of our Company****(a) Increase in authorised share capital**

At the time of incorporation, the Company had an authorised share capital of HK\$380,000.00 divided into 38,000,000 shares of HK\$0.01 each. On incorporation of our Company, one subscriber Share was allotted and issued as nil-paid to the initial subscriber and such Share was transferred to Mr. Chau, and the Company allotted and issued a total of 13,333 ordinary shares, all as nil-paid, as to 5,539 Shares, 2,183 Shares, 1,313 Shares, 600 Shares, 365 Shares, 2,267 Shares, 667 Shares, and 400 Shares to Mr. Chau, Mr. Hsu, Mr. Leung, Mr. Wong, Mr. Wang, Mr. Chia, Ms. Ip and Mr. Liu, respectively, on the same day. On 8 June 2017, such 13,334 nil-paid Shares were credited as fully paid at par. For further details please see the paragraph headed “Reorganisation” in the subsection headed “History, Reorganisation and Corporate Structure — Reorganisation” in this prospectus.

The authorised share capital of our Company was increased from HK\$380,000.00 divided into 38,000,000 Shares to HK\$20,000,000.00 divided into 2,000,000,000 Shares by the creation of a further 1,962,000,000 Shares pursuant to a resolution by our Shareholders referred to in paragraph 5 below and subject to the conditions contained herein.

Immediately following completion of the Share Offer and the Capitalisation Issue and taking no account of any Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme, 900,000,000 Shares will be in issue fully paid or credited as fully paid, and 1,100,000,000 Shares in the authorised share capital will remain unissued.

Save as disclosed in this paragraph and in “A. Further information about our Company and our Subsidiaries — 2. Changes in share capital of our Company” in this Appendix, there has been no alteration in the share capital of our Company since its incorporation.

(b) ***Founder Shares***

Our Company has no founder shares, management shares or deferred shares.

**3. Our Corporate Reorganisation**

In preparing for the Listing, the companies comprising our Group underwent the Reorganisation and our Company became the holding company of our Group. Please see the sub-section headed “History, Reorganisation and Corporate Structure — Reorganisation” in this prospectus for further details.

**4. Changes in the Share Capital of our Subsidiaries**

The subsidiaries of our Company are listed in the Accountants’ Report of our Company, the text of which is set out in Appendix I to this prospectus.

Save for the alterations mentioned in “History, Reorganisation and Corporate Structure” in this prospectus, there has been no other alteration in the share capital of our subsidiaries within the two years immediately preceding the issue of this prospectus.

**5. Written resolutions of our Shareholders passed on 26 February 2018**

On 26 February 2018, resolutions in writing were passed by our Shareholders pursuant to which, amongst others:

- (a) our Company approved and adopted the Memorandum with immediate effect and the Articles with effect from the Listing Date;
- (b) the authorised share capital of our Company was increased from HK\$380,000.00 to HK\$20,000,000.00 by the creation of a further 1,962,000,000 Shares;
- (c) conditional on (i) the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus (including any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme); (ii) the final Offer Price having been fixed and the Price Determination Agreement having been executed by the parties thereto on or before the Price Determination Date and not subsequently terminated; (iii) the execution and delivery of the Underwriting Agreements on or before the Price Determination Date; and (iv) the obligations of the



Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise, in each case on or before the date falling 30 days after the date of this prospectus:

- (i) the Share Offer was approved and our Directors were authorised to allot and issue the Offer Shares pursuant to the Share Offer to rank *pari passu* with the then existing Shares in all respects (save for the entitlements to the Capitalisation Issue);
- (ii) the rules of the Share Option Scheme, the principal terms of which are set out in the sub-section headed “D. Share Option Scheme” in this Appendix, were approved and adopted and our Directors were authorised, at their absolute discretion but subject to the terms and conditions of the Share Option Scheme, to grant options to subscribe for Shares thereunder and to allot, issue and deal with the Shares pursuant to the exercise of subscription rights attaching to any options which may be granted under the Share Option Scheme and to take all such actions as they consider necessary or desirable to implement the Share Option Scheme;
- (iii) conditional upon the share premium account of our Company being credited with the proceeds of the Share Offer, our Directors were authorised to capitalise an amount of HK\$6,749,866.66 standing to the credit of the share premium account of our Company and to appropriate such amount as to capital to pay up in full at par 674,986,666 Shares for allotment and issue to the person(s) whose names appear on the register of members of our Company at the close of business on 26 February 2018 (or as they may direct) in the agreed proportion as set out below:

Existing Shareholders	Shares to be issued in the Capitalisation Issue
Mr. Chau	280,394,461
Mr. Chia	114,757,733
Mr. Hsu	110,497,817
Mr. Leung	66,458,687
Mr. Wong	30,379,400
Ms. Ip	33,759,333
Mr. Liu	20,259,600
Mr. Wang	18,479,635
	<u>674,986,666</u>

, each ranking *pari passu* in all respects with the then existing issued Shares, and the aforesaid issue and allotment of Shares was approved, and our Directors were authorised to give effect to such capitalisation and issue and allotment of Shares;

- (d) a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with, otherwise than pursuant to (aa) a rights issue, or (bb) an issue of Shares pursuant to the exercise of any options which may be granted under the Share Option Scheme or any other share option scheme of our Company, or (cc) any Shares allotted and issued in lieu of the whole or part of a dividend on Shares or similar arrangement in accordance with the Articles, or (dd) a specific authority granted by our Shareholders in general meeting, or (ee) the Share Offer or the Capitalisation Issue, Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for shares or securities convertible into Shares to make or grant offers, agreements and options (including any warrants, bonds, notes and debentures conferring any rights to subscribe for or otherwise receive the Shares) which would or might require the allotment of new Shares during or after the period when this general mandate remains in effect, with the number of Shares (or underlying Shares) involved in aggregate not exceeding 20% of the aggregate number of Shares in issue immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued upon exercise of any options which may be granted under the Share Option Scheme), subject to adjustment for each consolidation or sub-division of Shares the record date of which falls within the period when this general mandate remains in effect so that the maximum number of Shares that may be issued pursuant to the authority granted thereunder as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or sub-division shall be the same and the said approval shall be limited accordingly, such mandate to remain in effect until the earliest of:
- (i) the conclusion of the next annual general meeting of our Company;
  - (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum and Articles or the Companies Law or any applicable laws of the Cayman Islands to be held; or
  - (iii) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting.
- (e) a general unconditional mandate (“**Repurchase Mandate**”) was given to our Directors authorising them to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, with such number of Shares in aggregate not exceeding 10% of the aggregate number of Shares in issue immediately following completion of the Share Offer (without taking into account any Shares which may be issued upon exercise of any options which may be granted under the Share Option Scheme) and the Capitalisation Issue, subject to adjustment for each consolidation or sub-division of Shares the record date of which falls within the period when this general mandate remains in effect so that the maximum number of Shares that may be repurchased pursuant to the authority granted hereunder as a percentage of the total

number of issued Shares at the date immediately before and after such consolidation or sub-division shall be the same and the said approval shall be limited accordingly, such mandate to remain in effect until the earliest of:

- (i) the conclusion of the next annual general meeting of our Company;
  - (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum and Articles or the Companies Law or any applicable laws of the Cayman Islands to be held; or
  - (iii) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting.
- (f) the general unconditional mandate mentioned in sub-paragraph (d) above was extended by including the number of Shares which are repurchased pursuant to exercise of the Repurchase Mandate in sub-paragraph (e) above, provided that such extended amount shall not exceed 10% of the aggregate number of Shares in issue immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued upon exercise of any options which may be granted under the Share Option Scheme).

## 6. Repurchase of our Shares

This section contains information required by the Stock Exchange to be included in this prospectus concerning the repurchase of Shares by our Company.

### (a) *Provisions of the GEM Listing Rules*

The GEM Listing Rules permit companies whose primary listing is on GEM to repurchase securities on the Stock Exchange subject to certain restrictions, a summary of which is set out below:

#### (i) *Shareholder's approval*

The GEM Listing Rules provide that all proposed repurchases of shares, which must be fully paid up in the case of shares, by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

(Note: Pursuant to the written resolutions passed by our Shareholders on 26 February 2018, the Repurchase Mandate was given to our Directors authorising them to exercise all powers of our Company to repurchase Shares on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the aggregate number of shares our Company in issue immediately following completion of the Share Offer (excluding any Shares which may be issued upon exercise of any options which may be granted under the Share Option Scheme) and the Capitalisation Issue, and the Repurchase Mandate shall remain in effect until the earliest of the conclusion of the next

annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum and the Articles of Association or the Companies Law or any other applicable laws of the Cayman Islands to be held or the time when the Repurchase Mandate is revoked or varied by an ordinary resolution of our Shareholders in a general meeting.)

(ii) *Source of funds*

Any repurchase by our Company must be funded out of funds legally available for the purpose in accordance with the Articles, the applicable laws and rules and regulations of the Cayman Islands and the GEM Listing Rules. Our Company may not repurchase its own Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

Any repurchases by our Company may be made out of profits or share premium of the Company or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase and, in the case of any premium payable on the repurchase, out of profits of our Company or out of our Company's share premium account before or at the time the Shares are repurchased. Subject to satisfaction of the solvency test prescribed by the Companies Law, a repurchase may also be made out of capital.

(iii) *Connected parties*

The GEM Listing Rules prohibit our Company from knowingly repurchasing the Shares on the Stock Exchange from a "core connected person" (as defined in the GEM Listing Rules), which includes a Director, chief executive or substantial shareholder of our Company or any of its subsidiaries or associates of any of them, and a core connected person shall not knowingly sell Shares to our Company on the Stock Exchange.

(b) *Exercise of the Repurchase Mandate*

On the basis of 900,000,000 Shares in issue immediately after completion of the Share Offer (excluding any Shares which may be issued upon exercise of any options which may be granted under the Share Option Scheme) and the Capitalisation Issue, our Directors would be authorised under the Repurchase Mandate to repurchase up to 90,000,000 Shares during the period in which the Repurchase Mandate remains in force. Any Shares repurchased pursuant to the Repurchase Mandate must be fully paid-up.

(c) *Reasons for repurchases*

Our Directors believe that it is in the best interests of our Company and our Shareholders for our Directors to have a general authority from Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of our Company's net asset value and/or earnings per Share and will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders.

(d) *Funding of repurchases*

In repurchasing the Shares, our Company may only apply funds legally available for such purpose in accordance with the Articles, the GEM Listing Rules and the applicable laws and regulations of the Cayman Islands.

Our Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

(e) *General*

None of our Directors or, to the best of their knowledge, having made all reasonable enquiries, any of their close associates (as defined in the GEM Listing Rules), has any present intention to sell any Shares to our Company if the Repurchase Mandate is exercised.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules, the Articles and the applicable laws and regulations in force from time to time in the Cayman Islands.

If, as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. In certain circumstances, a Shareholder or a group of Shareholders acting in concert (as defined in the Takeovers Code) depending on the level of increase of our Shareholders' interest, could obtain or consolidate control of our Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase.

Upon completion of the Share Offer and Capitalisation Issue, Mr. Chau, our Controlling Shareholder, will directly hold a total of 280,400,000 Shares, representing approximately 31.16% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares. If the Repurchase Mandate were exercised in full, such Shares held by our Controlling Shareholder would represent approximately 34.62% of the total number of Shares in issue, and an obligation to make a general offer to Shareholders may arise as a result.

Save as aforesaid, at present, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate. It is not the present intention of our Directors to exercise the Repurchase Mandate to such an extent which would trigger any general offer obligations under the Takeovers Code.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the GEM Listing Rules).

No core connected person has notified our Company that he/she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

## B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR COMPANY

### 1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by our Group within the two years preceding the date of this prospectus and are or may be material in relation to the business of our Company taken as a whole:

- (a) the Pre-IPO Investment Agreements between Universe Printshop and each of the Pre-IPO Investors separately;
- (b) the Deed of Indemnity;
- (c) the Deed of Non-Competition; and
- (d) the Public Offer Underwriting Agreement.

### 2. Intellectual property rights of our Group

#### (a) *Trademark*

As at the Latest Practicable Date, our Group has registered the following trademarks in Hong Kong which are material to our business:-

Trademark	Registration number	Registrant	Class (Note)	Registration date	Expiry Date
	304019166	Startec Colour Separation Company Limited	16	12 January 2017	11 January 2027
	304009383	Print Shop Limited	16	3 January 2017	2 January 2027
	304040667	Universe Printing Holdings Limited	16	8 February 2017	7 February 2027

*Note:*

Class 16: Paper and cardboard; printed matter; bookbinding material; photographs; stationery and office requisites, except furniture; adhesives for stationery or household purposes; artists' and drawing materials; paintbrushes; instructional and teaching materials; plastic sheets, films and bags for wrapping and packaging; printers' type, printing blocks.

(b) *Domain names*

As at the Latest Practicable Date, our Group has registered the following domain names which we consider are material to our business:

Domain name	Registrant	Registration Date	Expiry Date
www.uprintshop.hk	Universe Printshop Holdings Limited	5 June 2017	5 June 2022
www.hkstartec.com.hk	Startec Colour Separation Printing Limited	15 November 2002	16 November 2021
www.123print.com.hk	Universe Printing Holdings Limited	29 March 2004	3 April 2024
www.printshop.hk	Print Shop Limited	30 September 2005	1 October 2022
www.netprint.hk	Net Printshop Limited	10 June 2006	11 June 2021

## C. FURTHER INFORMATION ABOUT DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND EXPERTS

### 1. Disclosure of Interests

#### (a) *Interests of Directors and chief executive in shares, underlying shares and debentures of our Company and its associated corporations*

Immediately following completion of the Share Offer (without taking into account any Shares which may be issued upon exercise of any Shares which may be granted under the Share Option Scheme) and the Capitalisation Issue, the interests and short positions of our Directors or chief executive of our Company in shares, underlying shares and debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) which, once the Shares are listed on the Stock Exchange, would have to be notified to our Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they are taken or deemed to have under such provisions of the SFO) or would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or would be required pursuant to Rule

5.46 to Rule 5.67 of the GEM Listing Rules to be notified to our Company and the Stock Exchange, will be as follows:

*Long position in the Shares*

<b>Name of Director</b>	<b>Capacity/nature of interest</b>	<b>Number of Shares held/interested immediately following completion of the Share Offer and the Capitalisation Issue</b>	<b>Percentage of shareholding immediately following completion of the Share Offer and the Capitalisation Issue</b>
Mr. Chau	Beneficial owner	280,400,000	31.16%
Mr. Hsu	Beneficial owner	110,500,000	12.28%
Mr. Leung	Beneficial owner	66,460,000	7.38%
Mr. Wong	Beneficial owner	30,380,000	3.38%

(b) *Interests of Shareholders in the Shares and underlying Shares discloseable under the SFO*

So far as is known to our Directors and taking no account any Shares which may be issued pursuant to options which may be granted under the Share Option Scheme, the following persons (not being a Director or chief executive of our Company) will, immediately following completion of the Share Offer and the Capitalisation Issue, have interests or short positions in Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who will be directly or indirectly interested in 10% or more of the issued voting shares of any other member of our Group:

*Long position in the Shares*

<b>Name</b>	<b>Capacity/nature of interest</b>	<b>Number of share held/interested</b>	<b>Percentage of shareholding</b>
Mr. Chia	Beneficial owner	114,760,000	12.75%
Ms. Siu	Interest of spouse (Note 1)	280,400,000	31.16%
Ms. Mok	Interest of spouse (Note 2)	66,460,000	7.38%
Ms. Ng Lai Nga	Interest of spouse (Note 3)	110,500,000	12.28%
Ms. Wan Wai Ching Lilian	Interest of spouse (Note 4)	114,760,000	12.75%



*Notes:*

1. Ms. Siu is the spouse of Mr. Chau. By virtue of the 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. Mok is the spouse of Mr. Leung. 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.
3. Ms. Ng Lai Nga is the spouse of Mr. Hsu. By virtue of the SFO, Ms. Ng Lai Nga is deemed to be interested in all the Shares in which Mr. Hsu is interested or deemed to be interested under the SFO.
4. Ms. Wan Wai Ching Lilian is the spouse of Mr. Chia. 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.

**2. Particulars of Directors' service agreements**

- (a) Each of our executive Directors has entered into a service agreement with our Company effective from the Listing Date, which has no fixed term and may be terminated in accordance with the terms of the individual service agreement. Pursuant to their respective service agreements, each of Mr. Chau, Mr. Hsu, Mr. Leung, and Mr. Wong is entitled to an annual salary of HK\$720,000, HK\$660,000, HK\$600,000 and HK\$540,000, respectively, and discretionary bonus to be determined by our Board.
- (b) Each of our independent non-executive Directors has entered into a letter of appointment with our Company for a fixed term of three years commencing from the Listing Date, which may be terminated in accordance with the terms of the individual letter of appointment. Each of Mr. Wan Aaron Chi Keung, *BBS, JP.*, Dr. Sun Yongjing and Mr. Chan Chun Kit is entitled to an annual director's fee of HK\$144,000. Save for the director's fee, none of our independent non-executive Directors is expected to receive any other remuneration for holding his office as an independent non-executive Director.

**3. Remuneration of Directors**

- (a) The aggregate amount of fees, salaries, contributions to retirement benefit scheme contributions, discretionary, bonuses, housing and other benefits in kind, if any, granted to the Directors in respect of each of the two financial years ended 31 March 2017 were approximately HK\$3,576,000 and HK\$3,730,000, respectively.
- (b) Under the arrangements currently in force, the aggregate emolument payable by our Group to our Directors for the year ending 31 March 2018 is estimated to be approximately HK\$2,597,000.

- (c) Under the arrangements currently proposed, conditional upon the Listing, the basic annual remuneration (excluding payments pursuant to any discretionary benefits or bonus or other fringe benefits) payable by our Group to each of our Directors will be as follows:

	<i>HK\$</i>
<i>Executive Directors</i>	
Mr. Chau	720,000
Mr. Hsu	660,000
Mr. Leung	600,000
Mr. Wong	540,000
<i>Independent non-executive Directors</i>	
Mr. Wan Aaron Chi Keung, <i>BBS, JP</i>	144,000
Dr. Sun Yongjing	144,000
Mr. Chan Chun Kit	144,000

- (d) There has been no arrangement under which a Director has waived or agreed to waive any emoluments for each of the two financial years ended 31 March 2017.
- (e) The remuneration of our Directors was determined by reference to their qualifications, experience, duties and responsibilities with our Group, prevailing market rates and performance of our Group.
- (f) None of our Directors or any past directors of any members of our Group has been paid any sum of money for each of the two financial years ended 31 March 2017 (1) as an inducement to join or upon joining our Company; or (2) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any members of our Group.

#### 4. Agency fees or commissions received

Save as disclosed in “Underwriting — Commission and expenses” in this prospectus, and in the sub-section headed “E. Other information — 3. Sponsor” in this Appendix, none of our Directors nor the experts named in the sub-section headed “E. Other information — 8. Consents of experts” in this Appendix had received any agency fee or commissions from our Group within the two years preceding the date of this prospectus.

#### 5. Related party transactions

Details of the related party transactions are set out under Note 25 to the Accountants’ Report of our Company set out in Appendix I to this prospectus.

**6. Disclaimers**

Save as disclosed in this prospectus:

- (a) taking no account of any Shares to be issued upon exercise of any Options which may be granted under the Share Option Scheme or repurchased by our Company pursuant to the Repurchase Mandate as referred to in the subsection headed “A. Further information about our Company and our subsidiaries” in this Appendix, our Directors are not aware of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Capitalisation Issue and the Share Offer, have an interest or short position in Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be directly or indirectly interested in 10% or more of the nominal value or any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any of its subsidiaries;
- (b) taking no account of any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme, none of our Directors or chief executive of our Company has any interest or short position in shares, underlying shares or debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to our Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they are taken or deemed to have under such provisions of the SFO) or would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or would be required, pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules, to be notified to our Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange;
- (c) none of our Directors nor the experts named in the sub-section headed “E. Other information — 7. Qualifications of experts” in this Appendix is interested in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, acquired or disposed of by, or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (d) none of our Directors nor the experts named in the sub-section headed “E. Other information — 7. Qualifications of experts” in this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;
- (e) none of our Directors nor the experts named in the subsection headed “E. Other information — 7. Qualifications of experts” in this Appendix has any shareholding in any member of our Group nor the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;

- (f) so far as is known to our Directors, none of our Directors, their respective associates (as defined under the GEM Listing Rules) or Shareholders who are interested in more than 5% of the issued share capital of our Company has any interests in our top five customers or our top five suppliers of our Group; and
- (g) none of our Directors has any existing or proposed service contracts with any member of our Group (which is not determinable by the employer within one year without payment of compensation (other than statutory compensation)).

#### **D. SHARE OPTION SCHEME**

The following is a summary of the principal terms of the Share Option Scheme. Conditionally approved and adopted by a written shareholder's resolution of our Company dated 26 February 2018, it does not form part of, nor was it intended to be part of the Share Option Scheme, nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme.

The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

##### **(a) Summary of terms**

The following is a summary of the principal terms of the rules of the Share Option Scheme conditionally adopted by the written resolutions of our Shareholders passed on 26 February 2018:

##### **(i) *Purpose of Share Option Scheme***

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, clients, business partners and service providers of our Group and to promote the success of the business of our Group.

##### **(ii) *Who may join and basis of eligibility***

The Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, consultant or adviser of our Group, or any substantial shareholder of our Group, or any distributor, contractor, supplier, agent, client, business partner or service provider of our Group, options to subscribe, at a price calculated in accordance with paragraph (iii) below, for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme. The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, the independent non-executive Directors) from time to time on the basis of his/her contribution or potential contribution to the development and growth of our Group.

(iii) *Price of Shares*

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a Business Day; (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option. For the purpose of calculating the subscription price, where our Company has been listed on the Stock Exchange for less than five business days, the Offer Price shall be used as the closing price for any business day that falls within the period before the Listing.

(iv) *Grant of options and acceptance of offers*

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to our Company on acceptance of the offer for the grant of an option is HK\$1.0.

(v) *Maximum number of Shares*

- (aa) subject to sub-paragraphs (bb) and (cc) below, the maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) must not in aggregate exceed 10% of all the Shares in issue as at the Listing Date. Therefore, it is expected that our Company may grant options in respect of up to 90,000,000 Shares (or such numbers of Shares as shall result from a sub-division or a consolidation of such 90,000,000 Shares from time to time) to the participants under the Share Option Scheme.
- (bb) the 10% limit as mentioned above may be refreshed at any time by obtaining approval of our Shareholders in general meeting provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit. Options previously granted under the Share Option Scheme and any other share option schemes of our Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) will not be counted for the purpose of calculating the refreshed 10% limit. A circular must be sent to our Shareholders containing the information as required under the GEM Listing Rules in this regard.

- (cc) subject to sub-paragraph (dd) below, our Company may seek separate approval of our Shareholders in general meeting for granting options beyond the 10% limit provided the options in excess of the 10% limit are granted only to grantees specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to our Shareholders containing a generic description of such grantees, the number and terms of such options to be granted and the purpose of granting options to them with an explanation as to how the terms of the options will serve such purpose, such other information required under the GEM Listing Rules.
- (dd) the aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company must not exceed 30% of the Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of our Company if this will result in such 30% limit being exceeded.

(vi) ***Maximum entitlement of each participant***

The total number of Shares issued and to be issued upon exercise of options granted to any participant (including both exercised and outstanding options) under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of options in excess of such limit must be separately approved by Shareholders in general meeting with such grantee and his/her close associates abstaining from voting. In such event, our Company must send a circular to our Shareholders containing the identity of the grantee, the number and terms of the options to be granted (and options previously granted to such grantee), and all other information required under the GEM Listing Rules. The number and terms (including the subscription price) of the options to be granted must be fixed before the approval of our Shareholders and the date of the Board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(vii) ***Grant of options to certain connected persons***

- (aa) Any grant of an option to a Director, chief executive or substantial Shareholder (or any of their respective associates) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the option).
- (bb) Where any grant of options to a substantial Shareholder or an independent non-executive Director (or any of their respective associates) will result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted to such person under the Share Option Scheme and any other share option schemes of our Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant:
  - a. representing in aggregate over 0.1% of the Shares in issue; and

- b. having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million,

such further grant of options is required to be approved by Shareholders at a general meeting of our Company. Our Company shall send a circular to our Shareholders containing all information as required under the GEM Listing Rules in this regard. The grantee, his associates and all core connected persons of our Company shall abstain from voting in favour at such general meeting. Any change in the terms of an option granted to a substantial Shareholder or an independent non-executive Director or any of their respective close associates is also required to be approved by Shareholders in the aforesaid manner.

(viii) *Restrictions on the times of grant of options*

- (aa) An offer for the grant of options may not be made after any inside information (as defined in the SFO) has come to the knowledge of our Company until such inside information has been announced pursuant to the requirements of the GEM Listing Rules and the SFO. In particular, no option may be granted during the period commencing one month immediately before the earlier of:
  - a. the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for approving our Company's results for any year, half-year or quarter-year period or any other interim period (whether or not required under the GEM Listing Rules); and
  - b. the deadline for our Company to announce its results for any year, half-year or quarter-year period under the GEM Listing Rules, or any other interim period (whether or not required under the GEM Listing Rules), and ending on the date of the results announcement.
- (bb) Further to the restrictions in paragraph (aa) above, no option may be granted to any participant who is a Director or is a close associate of a Director during a period in which the directors are prohibited from dealing in Shares pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules (as amended from time to time) or the Company's own equivalent code adopted pursuant to the GEM Listing Rules.

(ix) *Time of exercise of option*

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

(x) *Performance targets*

Save as determined by the Board and provided in the offer of the grant of the relevant options, there is no minimum holding period or performance target which must be achieved before any of the options can be exercised.

(xi) *Ranking of shares*

The Shares to be allotted upon the exercise of an option will be subject to all the provisions of the Articles for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends or other distributions paid or made after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be on or before the date of allotment, save that the Shares allotted upon the exercise of any option shall not carry any voting rights until the name of the grantee has been duly entered on the register of members of our Company as the holder thereof.

(xii) *Rights are personal to grantee*

An option shall not be transferable or assignable and shall be personal to the grantee of the option.

(xiii) *Rights on cessation of employment by death, ill-health or retirement*

If a grantee is an employee and in the event of his ceasing to be an employee by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the option in full, the legal personal representative(s) of the grantee may exercise the option up to the grantee's entitlement (to the extent which such option has become exercisable and has not already been exercised) within a period of 12 months following the date of cessation of employment which date shall be the last day on which the grantee was at work with our Group, whether salary is paid in lieu of notice or not, or such longer period as our Directors may determine or, if any of the events referred to in (xvii), (xviii) and (xix) occurs within such period, exercise the option within such of the various periods respectively set out therein.



(xiv) *Rights on cessation of employment by dismissal*

In the event that the grantee is an employee of our Group at the date of grant and he/she subsequently ceases to be an employee of our Group on any one or more of the grounds that he/she has been guilty of serious misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his/her creditors generally, or has been convicted of any criminal offence involving his/her integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his/her employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group, his/her option shall lapse automatically (to the extent not already exercised) on the date of cessation of his/her employment with our Group.

(xv) *Rights on cessation of employment for other reasons*

In the event that the grantee is an employee of our Group at the date of grant and he/she subsequently ceases to be an employee of our Group for any reason other than his/her death or the termination of his/her employment on one or more of the grounds specified in (xiv) above, the option (to the extent not already exercised) shall lapse on the expiry of three months after the date of cessation of such employment (which date will be the last actual working day with our Company or the relevant member of our Group whether salary is paid in lieu of notice or not).

(xvi) *Effects of alterations to share capital*

In the event of any alteration in the capital structure of our Company whilst any option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of our Company (other than an issue of Shares as consideration in respect of a transaction to which any member of our Group is a party), such corresponding adjustments (if any) shall be made in the number of Shares subject to the option so far as unexercised; and/or the subscription prices of any unexercised option, as the auditors of or independent financial adviser to our Company shall certify or confirm in writing (as the case may be) to the Board to be in their opinion fair and reasonable in compliance with the relevant provisions of the GEM Listing Rules, or any guideline or supplemental guideline issued by the Stock Exchange from time to time (no such certification is required in case of adjustment made on a Capitalisation Issue), provided that any alteration shall give a grantee as near as possible the same proportion of the issued share capital of our Company as that to which he/she was previously entitled, but no adjustment shall be made if the effect of such adjustment would be to enable a Share to be issued at less than its nominal value.

(xvii) *Rights on general offer*

In the event of a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) being made to all our Shareholders (or all such holders other than the offeror and/or any persons controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becoming or being declared unconditional, the grantee

(or, as the case may be, his/her legal personal representative(s)) shall be entitled to exercise the option in full (to the extent not already exercised) at any time within one month after the date on which the offer becomes or is declared unconditional.

(xviii) *Rights on winding-up*

In the event a notice is given by our Company to our Shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it despatches such notice to each of our Shareholders give notice thereof to all grantees and thereupon, each grantee (or, as the case may be, his/her legal personal representative(s)) shall be entitled to exercise all or any of his/her options at any time not later than 2 business days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid.

(xix) *Rights on compromise or arrangement*

In the event of a compromise or arrangement between our Company and our Shareholders or the creditors of our Company being proposed in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies pursuant to the Companies Law, our Company shall give notice thereof to all the grantees (or, as the case may be, their legal personal representatives) on the same day as it gives notice of the meeting to our Shareholders or the creditors to consider such a compromise or arrangement and the options (to the extent not already exercised) shall become exercisable in whole or in part on such date not later than two Business Days prior to the date of the general meeting directed to be convened by the court for the purposes of considering such compromise or arrangement (“**Suspension Date**”), by giving notice in writing to our Company accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as practicable and, in any event, no later than 3:00 p.m. on the business day immediately prior to the date of the proposed general meeting, allot and issue the relevant Shares to the grantee credited as fully paid. With effect from the Suspension Date, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. The Board shall endeavour to procure that the Shares issued as a result of the exercise of options hereunder shall for the purposes of such compromise or arrangement form part of the issued share capital of our Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the court (whether upon the terms presented to the court or upon any other terms as may be approved by such court), the rights of grantees to exercise their respective options shall with effect from the date of the making of the order by the court be restored in full but only up to the extent not already exercised and shall thereupon become exercisable (but subject to the other terms of the Share Option Scheme) as if such compromise or arrangement had not been proposed

by our Company and no claim shall lie against our Company or any of its officers for any loss or damage sustained by any grantee as a result of such proposal, unless any such loss or damage shall have been caused by the act, neglect, fraud or willful default on the part of our Company or any of its officers.

**(xx) *Lapse of options***

An option shall lapse automatically on the earliest of:

- (aa) the expiry of the option period referred to in paragraph (ix) above;
- (bb) the expiry of the relevant period or the occurrence of the relevant event referred to in paragraphs (xiii), (xiv), (xv), (xvi), (xvii), (xviii) or (xix) above;
- (cc) subject to paragraph (xviii) above, the date of the commencement of the winding-up of our Company;
- (dd) the date on which the Board exercises our Company's right to cancel, revoke or terminate the option on the ground that the grantee commits a breach of the restriction referred to in paragraph (xii);
- (ee) if an option was granted subject to certain conditions, restrictions or limitation, the date on which our Board resolves that the grantee has failed to satisfy or comply with such conditions, restrictions or limitation; and
- (ff) in respect of a grantee being a consultant or advisor (whether individual or corporation), the date on which our Board resolves that the consultant or advisor fails to comply with any provisions of the relevant contracts, or breaches its fiduciary duty under the common law.

**(xxi) *Cancellation of options granted but not exercised***

Any cancellation of options granted but not exercised may be effected on such terms as may be agreed with the relevant grantee, as the Board may in its absolute discretion see fit and in a manner that complies with all applicable legal requirements for such cancellation.

**(xxii) *Period of the Share Option Scheme***

The Share Option Scheme will remain in force for a period of ten years commencing on the date on the Adoption Date and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by our Shareholders in general meeting.

*(xxiii) Alteration to the Share Option Scheme*

- (aa) The Share Option Scheme may be altered in any respect by resolution of the Board except that alterations of the provisions of the Share Option Scheme which alters to the advantage of the grantees of the options relating to matters governed by Rule 23.03 of the GEM Listing Rules shall not be made except with the prior approval of our Shareholders in general meeting.
- (bb) Any alteration to any terms of the Share Option Scheme which are of a material nature or any change to the terms of options granted, or any change to the authority of the Board in respect of alteration of the Share Option Scheme must be approved by Shareholders in general meeting except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (cc) Any amendment to any terms of the Share Option Scheme or the options granted shall comply with the relevant requirements of the GEM Listing Rules or any guidelines issued by the Stock Exchange from time to time.
- (dd) Any change to the authority of the Directors or scheme administrators in relation to any alteration of the terms of the Share Option Scheme must be approved by Shareholders in general meeting.

*(xxiv) Termination of Share Option Scheme*

Our Company by resolution in general meeting may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but options granted prior to such termination shall continue to be valid and exercisable in accordance with provisions of the Share Option Scheme.

*(xxv) Conditions of the Share Options Scheme*

The Share Option Scheme is conditional on the Stock Exchange granting the listing of, and permission to deal in, the Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, and commencement of dealings in the Shares on the Stock Exchange.

**(b) Present status of the Share Option Scheme**

Application has been made to the Stock Exchange for the listing of, and permission to deal in 90,000,000 Shares which may fall to be issued upon exercise of any options which may be granted under the Share Option Scheme.

As at the date of this prospectus, no option has been granted or agreed to be granted under the Share Option Scheme.

**E. OTHER INFORMATION****1. Tax and other indemnities**

Our Controlling Shareholder has entered into the Deed of Indemnity in favour of our Company (for ourselves and as trustee for other Group members) referred to in the sub-section headed “B. Further information about the business of our Company — 1. Summary of material contracts” in this Appendix, pursuant to which our Controlling Shareholder has given indemnities in favour of our Group from and against, among other things, (a) any liability for Hong Kong estate duty which might be incurred by any member of our Group by reason of any transfer of property (within the meaning of Sections 35 and 43 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong)) to any member of our Group on or before the Listing Date; (b) any tax liability which might be payable by any member of our Group in respect of, amongst other matters, any income, profits or gains earned, accrued or received up to the Listing Date; (c) any action, claims, losses, charges, penalties which any member of the Group may incur or suffer as a result of or in connection with any failure to comply with relevant laws and regulations (including but not limited to the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong) as described in “Business — Legal proceedings and legal compliance” in this prospectus) up to the Listing Date, the Reorganisation, any of the Business Transfers, and the reasonable costs and expenses incurred in connection with the actions, claims, legal or arbitration proceedings related thereto, any damages, losses, liabilities, claims, expenses and costs arising from any illegality, invalidity, eviction or restraint from use or early termination of any lease prior to expiry of its term or re-entry by the Government in respect of any leased property, the related lease/tenancy agreement which was entered into by our Group at any time prior to the Listing Date, including all costs for relocation from any such property in the event that our Group is subject to any eviction or restraint from use of such property or re-entry by the Government as a result of the implementation of the Reorganisation or failure to obtain landlord’s and/or mortgagee’s consent in respect of the lease of such properties or breach of permitted usages of any such properties under the relevant tenancy agreements, deed of mutual covenants, Government leases, occupation permits and/or breach of the relevant provisions of the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong).

Our Controlling Shareholder will not, however, be liable under the Deed of Indemnity for taxation to the extent that, among others:

- (a) to the extent that provision, reserve or allowance has been made for such taxation liability in the audited accounts of any member of our Group for each of the two financial years ended 31 March 2017 and the seven months ended 31 October 2017; or
- (b) the taxation liability arises or is incurred as a result of a retrospective change in law or a retrospective increase in tax rates coming into force after the date of the Deed of Indemnity; or
- (c) to the extent any provisions or reserve made for taxation in the audited accounts of our Group or any member of our Group up to 31 October 2017 which is finally established to be an over-provision or an excessive reserve, then the amount of any such provision or reserve shall be applied to reduce our Controlling Shareholder’s liability by an amount not exceeding such over-provision or excess reserve; or

- (d) the taxation liability arises in the ordinary course of business of our Group after the Listing Date.

In the event that our Controlling Shareholder has indemnified our Group for any tax liability and payment arising from any additional assessment by any tax authority pursuant to the Deed of Indemnity referred to above, our Company shall disclose such fact and relevant details by way of an announcement immediately after the payment of indemnification by our Controlling Shareholder.

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

## **2. Litigation**

Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, save as disclosed in “Business — Legal proceedings and legal compliance” in this prospectus, no member of our Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is pending or threatened by or against any member of our Group.

## **3. Sponsor**

The Sole Sponsor has made an application on behalf of our Company to the Stock Exchange for listing of and permission to deal in the Shares in issue and to be issued as mentioned herein and any Shares which may fall to be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme.

The Sole Sponsor has confirmed to the Stock Exchange that it satisfies the independence test as stipulated under the GEM Listing Rules.

The fee payable by our Company to the Sole Sponsor to act as the sponsor in relation to the Listing is HK\$4 million, and the Sole Sponsor will be reimbursed for their expenses properly incurred in connection with the Share Offer.

## **4. Preliminary expenses**

The preliminary expenses relating to the incorporation of our Company are approximately HK\$67,000 and are payable by our Company.

## **5. Promoter**

Our Company has no promoter within two years preceding the date of this prospectus and no amount or benefit has been paid or given to any promoter in connection with the Share Offer or the related transactions described in this prospectus.

**6. Compliance adviser**

Our Company has appointed Ballas Capital Limited as our compliance adviser upon Listing in compliance with Rule 6A.19 of the GEM Listing Rules.

**7. Qualifications of experts**

The following are the respective qualifications of the experts who have given their opinion or advice which are contained in this prospectus:

<b>Name</b>	<b>Qualifications</b>
Ballas Capital Limited	A licensed corporation under the SFO to engage in Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
KPMG	Certified Public Accountants
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Mr. Chung Kin Hong Kenneth	Barrister-at-law of Hong Kong
Mr. Li Chau Yuen, Senior Counsel	Barrister-at-law of Hong Kong
Frost & Sullivan International Limited	Industry consultant
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Independent property valuer

**8. Consents of experts**

Each of the parties listed in the sub-section headed “E. Other Information — 7. Qualifications of experts” in this Appendix has given and has not withdrawn its/his written consent to the issue of this prospectus, with the inclusion of its/his letters and/or reports and/or opinions and/or summary thereof (as the case may be) and/or references to its/his name included herein in the form and context in which they respectively appear.

**9. Binding effect**

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

**10. Registration procedures**

The principal register of members of our Company in the Cayman Islands will be maintained by Conyers Trust Company (Cayman) Limited and a branch register of members of our Company will be maintained by Tricor Investor Services Limited, our Hong Kong Branch Share Registrar. Save where our Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, our Hong Kong Branch Share Registrar in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

**11. No material adverse change**

Save as disclosed in “Financial Information — No material adverse change” in this prospectus, our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Company or our subsidiaries since 31 October 2017 (being the date to which the latest audited consolidated financial statements of our Group were made up) and up to the Latest Practicable Date.

**12. Taxation of holders of Shares****(a) *Hong Kong***

Dealings in Shares registered on our Company’s Hong Kong branch register of members will be subject to Hong Kong stamp duty.

Profits from dealings in Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

**(b) *Cayman Islands***

Under the present law of the Cayman Islands, there is no stamp duty payable in the Cayman Islands on transfers of Shares.

**(c) *Consultation with professional advisers***

Intending holders of the Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasised that none of our Company, our Directors or parties involved in the Share Offer accepts responsibility for any tax effect on, or liabilities of holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares.



**13. Miscellaneous**

(a) Save as disclosed in this prospectus:

(i) within the two years immediately preceding the date of this prospectus:

(aa) no share or loan capital of our Company or any of its subsidiaries has been issued, agreed to be issued or is proposed or intended to be issued fully or partly paid either for cash or for a consideration other than cash;

(bb) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries and no commission has been paid or is payable in connection with the issue or sale of any capital of our Company or any of its subsidiaries; and

(cc) no commission has been paid or is payable (except to sub-underwriter(s)) for subscribing or agreeing to subscribe, procuring or agreeing to procure subscriptions, for any shares or debenture of our Company or any of its subsidiaries;

(ii) no founders, management or deferred shares or any debentures of our Company have been issued or agreed to be issued;

(iii) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;

(iv) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 24 months immediately preceding the date of this prospectus;

(v) none of the experts named in the sub-section headed “E. Other Information — 7. Qualifications of experts” in this Appendix:

(aa) is interested beneficially or non-beneficially in any securities in any member of our Group, including the Shares; nor

(bb) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group, including the Shares;

(vi) our Company and our subsidiaries do not have any debt securities issued or outstanding, or authorised or otherwise created but unissued, or any term loans whether guaranteed or secured as at the Latest Practicable Date;

- (vii) no company within our Group is presently listed on any stock exchange or traded on any trading system;
- (viii) our Group has no outstanding convertible debt securities; and
- (ix) the English text of this prospectus shall prevail over the Chinese text.

#### **14. Bilingual Prospectus**

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided in section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

**A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG**

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were (i) copies of the **WHITE**, **YELLOW** and **GREEN** Application Forms; (ii) the written consents referred to in “Statutory and General Information — E. Other information — 8. Consents of experts” in Appendix IV to this prospectus; and (iii) copies of the material contracts referred to in “Statutory and General Information — B. Further information about the business of our Company — 1. Summary of material contracts” in Appendix IV to this prospectus.

**B. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the office of Iu, Lai & Li at Rooms 2201, 2201A & 2202, 22nd Floor, Tower I, Admiralty Centre, No. 18 Harcourt Road, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum and the Articles;
- (b) the accountants’ report of our Company prepared by KPMG, the text of which is set out in Appendix I to this prospectus;
- (c) the report on unaudited pro forma financial information issued by KPMG, the text of which is set out in Appendix II to this prospectus;
- (d) the audited consolidated financial statements of our Company and its subsidiaries for the two years ended 31 March 2017 and the seven months ended 31 October 2017;
- (e) the letter prepared by Conyers Dill & Pearman summarising certain aspects of the Cayman Islands company law as referred to in Appendix III to this prospectus;
- (f) the Companies Law;
- (g) the legal opinion of Counsel;
- (h) the legal opinion of Senior Counsel;
- (i) the Frost & Sullivan Report;
- (j) the fair rent opinion letter and valuation report of Jones Lang LaSalle Corporate Appraisal and Advisory Limited;
- (k) the service agreements and letters of appointment referred to in “Statutory and General Information — C. Further information about Directors, substantial Shareholders and experts — 2. Particulars of Directors’ service agreements” in Appendix IV to this prospectus;

- (l) the rules of the Share Option Scheme;
- (m) the material contracts referred to in “Statutory and General Information — B. Further information about the business of our Company — 1. Summary of material contracts” in Appendix IV to this prospectus; and
- (n) the written consents referred to in “Statutory and General Information — E. Other information — 8. Consents of experts” in Appendix IV to this prospectus.

# 環球印館控股有限公司

Universe Printshop Holdings Limited

