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# A.Plus Group Holdings Limited

## 優越集團控股有限公司

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

**(Stock Code: 1841)**

### ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2020

#### ANNUAL RESULTS

The board (the “Board”) of directors (the “Directors”) of A.Plus Group Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries for the year ended 31 March 2020 together with the comparative figures for the year ended 31 March 2019 as follows:

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 March 2020*

	<i>Notes</i>	<b>2020</b> <b>HK\$'000</b>	2019 HK\$'000
Revenue	4	<b>146,551</b>	159,713
Cost of services		<b>(70,403)</b>	(73,104)
Gross profit		<b>76,148</b>	86,609
Other income		<b>3,396</b>	1,637
Selling and distribution expenses		<b>(15,384)</b>	(15,264)
Administrative expenses		<b>(30,159)</b>	(36,437)
Impairment loss of trade receivables		<b>(3,206)</b>	(2,775)
Finance cost		<b>(194)</b>	–
Profit before tax		<b>30,601</b>	33,770
Income tax expense	6	<b>(4,681)</b>	(6,036)
Profit and total comprehensive income attributable to the owners of the Company	7	<b>25,920</b>	27,734
Earnings per share ( <i>HK cents</i> )			
– Basic and diluted	8	<b>6.48</b>	6.93

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 March 2020*

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Non-current assets</b>			
Plant and equipment		1,808	5,619
Right-of-use assets		1,467	–
Goodwill		11,423	11,423
Rental deposits		–	1,204
Deferred tax assets		323	–
		<b>15,021</b>	18,246
<b>Current assets</b>			
Contract assets		16,637	20,012
Trade and other receivables	10	26,281	31,174
Income tax recoverable		1,573	1,255
Bank balances		105,214	116,806
		<b>149,705</b>	169,247
<b>Current liabilities</b>			
Trade and other payables	11	25,375	27,303
Contract liabilities		4,127	1,776
Lease liabilities		1,508	–
Income tax payables		364	895
		<b>31,374</b>	29,974
Net current assets		<b>118,331</b>	139,273
Total assets less current liabilities		<b>133,352</b>	157,519
<b>Non-current liability</b>			
Deferred tax liabilities		–	87
		<b>133,352</b>	157,432
<b>Capital and reserves</b>			
Share capital	12	4,000	4,000
Reserves		129,352	153,432
		<b>133,352</b>	157,432

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

A.Plus Group Holdings Limited (the “Company”) was incorporated in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability on 20 April 2015. Its parent and ultimate holding company is Brilliant Ray Global Limited (incorporated in the British Virgin Islands (the “BVI”). The address of the registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, and the address of principal place of business of the Company is located at 2/F, 35-45B Bonham Strand, Sheung Wan, Hong Kong.

The shares of the Company were listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with effect from 19 April 2016. On 11 January 2019, the listing of shares was transferred from GEM to the Main Board of the Stock Exchange.

The Company is an investment holding company. Its major operating subsidiaries are engaged in the provision of financial printing services.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company and its subsidiaries (collectively referred to as the “Group”).

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS(s)”)

In the current year, the Group has applied, for its first time, the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

HKFRS 16	Leases
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments

The adoption of HKFRS 16 resulted in the changes in the Group’s accounting policies and adjustments to the amounts recognised in the consolidated financial statements as summarises below.

The application of other new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and position for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

## 2.1 Impacts on adoption of HKFRS 16 Leases

HKFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating lease and finance lease and requiring the recognition of right-of-use asset and a lease liability for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Comparative information has not been restated and continues to be reported under HKAS 17 Leases.

On transition to HKFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which arrangements are, or contain, leases. It applied HKFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or modified on or after 1 April 2019.

### *The Group as lessee*

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of HKAS 17 Leases (except for lease of low value assets and lease with remaining lease term of twelve months or less). These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 April 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 5.55%.

The Group recognises right-of-use assets and measures them at an amount equal to the lease liabilities.

		Carrying amount previously reported at 31 March 2019	Impact on adoption of HKFRS 16	Carrying amount as restated at 1 April 2019
	Note	HK\$'000	HK\$'000	HK\$'000
Right-of-use assets	(a)	–	5,833	5,833
Lease liabilities	(a)	–	5,833	5,833

*Note (a):* As at 1 April 2019, right-of-use assets were measured at an amount equal to the lease liability of approximately HK\$5,833,000.

Starting from 1 April 2019, in the consolidated statement of cash flow, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. The total cash flows are unaffected.

Differences between operating lease commitments as at 31 March 2019, the date immediately preceding the date of initial application, discounted using the incremental borrowing rate, and the lease liabilities recognised as at 1 April 2019 are as follow:

	<i>HK\$'000</i>
Operating lease commitment disclosed as at 31 March 2019	6,372
<i>Less:</i> Short-term leases and other leases with remaining lease term ended on or before 31 March 2020	<u>(336)</u>
	<u><u>6,036</u></u>
Discounted using the incremental borrowing rate and lease liabilities recognised as at 1 April 2019	<u><u>5,833</u></u>
Analysed as	
Current portion	4,325
Non-current portion	<u>1,508</u>
	<u><u>5,833</u></u>

*Practical expedients applied*

On the date of initial application of HKFRS 16, the Group has also used the following practical expedient permitted by the standard:

- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases.

## New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs and interpretation that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts <sup>3</sup>
Amendments to HKFRS 3	Definition of a Business <sup>5</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>4</sup>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>6</sup>
Amendments to HKFRS 16	Covid-19-Related Rent Concessions <sup>2</sup>
Amendments to HKAS 1 and HKAS 8	Definition of Material <sup>1</sup>
Amendments to HKAS 16	Proceeds Before Intended Use <sup>4</sup>
Amendments to HKAS 37	Cost of Fulfilling a Contract <sup>4</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 <sup>4</sup>
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2020.

<sup>2</sup> Effective for annual periods beginning on or after 1 June 2020.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2021.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>5</sup> Effective for business combinations and asset acquisition for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020.

<sup>6</sup> Effective date not yet been determined.

The directors of the Company anticipate that the application of the new and amendments to HKFRSs and interpretation will have no material impact on the results and the financial position of the Group.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

#### 4. REVENUE

Revenue represents revenue arising from provision of financial printing services in Hong Kong. An analysis of the Group's revenue for the year is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue from contracts with customer within the scope of HKFRS 15:		
Disaggregated by major services lines:		
Results announcements and financial reports	74,805	73,916
Company announcements and shareholder circulars	34,253	45,768
Debt offering circulars and initial public offering prospectuses	31,031	31,074
Fund documents	2,629	3,170
Others	3,833	5,785
	<u>146,551</u>	<u>159,713</u>

Disaggregation of revenue by timing of recognition:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Timing of revenue recognition		
Over time	<u>146,551</u>	<u>159,713</u>

#### Transaction price allocated to the remaining performance obligations

The provision of financial printing service contracts are with an original expected duration of one year or less or contracts for which revenue is recognised at the amount to which the Group has the right to invoice for the services performed. Accordingly, the Group has elected the practical expedient and has not disclosed the amount of transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) as of the end of the reporting period.

## 5. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on types of services delivered. The Group is principally engaged in the provision of financial printing services. Accordingly, the Group's operation is attributable to a single reportable and operating segment under HKFRS 8 and no segment information is presented. In addition, all of the Group's revenue is sourced in Hong Kong and assets and liabilities are located in Hong Kong. Accordingly, no geographical information is presented.

During the years ended 31 March 2020 and 2019, none of the Group's individual customer contributed more than 10% to the total revenue of the Group.

## 6. INCOME TAX EXPENSE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	5,091	6,300
Deferred taxation	<u>(410)</u>	<u>(264)</u>
	<u><b>4,681</b></u>	<u><b>6,036</b></u>

## 7. PROFIT FOR THE YEAR

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Profit for the year has been arrived at after charging:		
Salaries, wages and other benefits	47,169	44,945
Contribution to defined contribution retirement benefits scheme	<u>1,440</u>	<u>1,317</u>
Total staff costs (excluding directors' remuneration)	<u><b>48,609</b></u>	<u>46,262</u>
Auditor's remuneration	700	780
Depreciation of plant and equipment	3,907	4,213
Depreciation of right-of-use assets	4,366	–
Write-off of trade receivables (included in administrative expenses)	–	1,184
Write-off of contract assets (included in administrative expenses)	–	858
Operating lease charges in respect of office premises and certain office equipment ( <i>note</i> )	<u><b>N/A</b></u>	<u><b>4,587</b></u>

*Note:* Operating lease in respect of office premises and certain office equipment for the year ended 31 March 2019 represented payments made and accounted for under HKAS 17.



## 8. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Earnings		
Earnings for the purpose of basic earnings per share	<u>25,920</u>	<u>27,734</u>
	2020 <i>'000</i>	2019 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>400,000</u>	<u>400,000</u>

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the years ended 31 March 2020 and 2019.

## 9. DIVIDEND

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
2020 Interim dividend – HK2.5 cents	10,000	–
2019 Special dividend – HK7.5 cents	30,000	–
2019 Final dividend – HK2.5 cents (2019: 2018 final dividend – HK2.5 cents)	<u>10,000</u>	<u>10,000</u>
	<u>50,000</u>	<u>10,000</u>

During the year ended 31 March 2020, an interim dividend of HK2.5 cents per share in respect of the year ended 31 March 2020, a final dividend of HK2.5 cents per share and a special dividend of HK7.5 cents per share in respect of the year ended 31 March 2019 were recognised as distribution.

Subsequent to the end of the reporting period, no final dividend was proposed by the directors of the Company in respect of the year ended 31 March 2020.

## 10. TRADE AND OTHER RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables	29,378	34,528
<i>Less: Allowance for impairment of trade receivables</i>	<u>(5,989)</u>	<u>(4,479)</u>
	23,389	30,049
Other receivables and deposits	<u>2,892</u>	<u>1,125</u>
Trade and other receivables	<u><b>26,281</b></u>	<u><b>31,174</b></u>

At as 31 March 2020, the gross amount of trade receivable arising from contracts with customers amounted to HK\$29,378,000 (2019: HK\$34,528,000).

The Group allows an average credit period of 30 days to its trade customers. The Group does not hold any collateral over its trade and other receivables. The following is an aged analysis of trade receivables, net of allowance for impairment of trade receivables, presented based on the invoice date, at the end of the reporting period.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 30 days	10,807	17,661
31 to 60 days	4,161	4,017
61 to 90 days	1,538	1,954
91 to 180 days	3,732	2,960
181 to 365 days	2,841	3,110
Over 365 days	<u>310</u>	<u>347</u>
Total	<u><b>23,389</b></u>	<u><b>30,049</b></u>

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss. The Group has made 100% provision for trade receivables of approximately HK\$5,989,000 (2019: HK\$4,479,000) since the counterparties failed to make demanded repayment. The expected credit losses on the remaining trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. As at 31 March 2020 and 2019, the identified impairment loss in respect of those remaining trade receivables was immaterial.

The movement in the allowance for impairment of trade receivables is set out below:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
At the beginning of the year	4,479	2,996
Write-off recognised during the year	–	(545)
Impairment loss recognised	3,206	2,775
Reversal of impairment loss	<u>(1,696)</u>	<u>(747)</u>
At the end of the year	<u><b>5,989</b></u>	<u><b>4,479</b></u>

The increase in the loss allowance made is to reflect the deterioration of financial position of the customers during the current year. Other than this, there has been no change in the estimation techniques or significant assumptions made during the current year.

#### 11. TRADE AND OTHER PAYABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade payables	15,234	18,263
Accrued bonus and commission	6,737	5,397
Accruals	<u>3,404</u>	<u>3,643</u>
Trade and other payables	<u><b>25,375</b></u>	<u><b>27,303</b></u>

The following is an aged analysis of trade payables presented based on invoice date at the end of the reporting period.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 30 days	13,809	16,897
31 to 60 days	647	1,001
61 to 90 days	228	–
Over 90 days	<u>550</u>	<u>365</u>
Trade payables	<u><b>15,234</b></u>	<u><b>18,263</b></u>

The average credit period granted is ranging from 30 to 90 days. The Group has financial risk management in place to ensure that all payables are settled within the credit timeframe.

## 12. SHARE CAPITAL

	Number of Ordinary shares	Share capital <i>HK\$</i>
Ordinary share of HK\$0.01 each		
<i>Authorised:</i>		
At 1 April 2018, 31 March 2019 and 2020	<u>8,000,000,000</u>	<u>80,000,000</u>
<i>Issued and fully paid:</i>		
At 1 April 2018, 31 March 2019 and 2020	<u>400,000,000</u>	<u>4,000,000</u>

All shares issued rank pari passu in all respects with all shares then in issue.

## 13. COMPARATIVE FIGURE

Certain comparative figure has been reclassified in the face of the consolidated statement of profit or loss and other comprehensive income to conform to the current year's presentation. The reclassification had no financial effect on the amounts stated in the consolidated statement of financial position.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The Group is a financial printing service provider in Hong Kong and mainly provides typesetting, design, translation, printing and delivery services in relation to financial reports, announcements, shareholder circulars, debt offering circulars, IPO prospectuses and fund documents. The Group's business is mainly conducted through its two wholly-owned subsidiaries, namely A.Plus Financial Press Limited ("APF") and A.Plus International Financial Press Limited ("API"). APF mainly focuses on documents relating to continuous listing compliance obligations of companies listed on the Stock Exchange, while API concentrates on enhancing the Group's market presence in relation to debt offering circulars and IPO prospectuses by expanding business relationships with intermediaries such as financial institutions and law firms.

#### **Results announcements and financial reports**

Revenue generated from results announcements and financial reports segment is derived from companies listed on the Stock Exchange as they are required to publish such documents periodically.

For the year ended 31 March 2020, revenue generated from this segment amounted to approximately HK\$74.8 million, which remained relatively stable as compared with approximately HK\$73.9 million in the previous year. For the years ended 31 March 2020 and 2019, the revenue generated from this segment represented approximately 51.0% and 46.3% of the Group's total revenue respectively.

#### **Company announcements and shareholder circulars**

Revenue generated from company announcements and shareholder circulars segment is derived from companies listed on the Stock Exchange, which are subject to compliance requirements of the Stock Exchange for the publication of certain documents as a result of their corporate actions.

For the year ended 31 March 2020, revenue generated from this segment amounted to approximately HK\$34.3 million, representing a decrease of approximately 25.2% as compared with approximately HK\$45.8 million in the previous year, which was mainly attributable to decrease in market demand for services in relation to the publication of shareholder circulars due to listed companies in Hong Kong becoming more reluctant in conducting corporate actions amid the uncertainties in the global economy and the Hong Kong financial market. For the years ended 31 March 2020 and 2019, the revenue generated from this segment represented approximately 23.4% and 28.7% of the Group's total revenue respectively.

### **Debt offering circulars and IPO prospectuses**

Revenue generated from debt offering circulars and IPO prospectuses segment is derived from companies (i) raising funds in the debt market; and (ii) seeking listing on the Stock Exchange. Such companies may be subject to regulatory requirements for the publication of debt offering circulars and IPO prospectuses, in the case of these ad hoc debt offerings and IPO transactions respectively.

For the year ended 31 March 2020, revenue generated from this segment amounted to approximately HK\$31.0 million, which remained relatively stable as compared with approximately HK\$31.1 million in the previous year. For the years ended 31 March 2020 and 2019, the revenue generated from this segment represented approximately 21.2% and 19.5% of the Group's total revenue respectively.

### **Fund documents**

The Group also serves financial institutions such as asset management firms, which typically engage the Group for the production and printing of fund documents.

For the year ended 31 March 2020, revenue generated from this segment amounted to approximately HK\$2.6 million, representing a decrease of approximately 17.1% as compared with approximately HK\$3.2 million in the previous year. For the years ended 31 March 2020 and 2019, the revenue generated from this segment represented approximately 1.8% and 2.0% of the Group's total revenue respectively.

## **Others**

Apart from those mentioned above, the Group also offers other services such as standalone translations, design and production of different types of reports, newsletters, leaflets, brochures, etc.

For the year ended 31 March 2020, revenue generated from this segment amounted to approximately HK\$3.8 million, representing a decrease of approximately 33.7% as compared with approximately HK\$5.8 million in the previous year, which was mainly attributable to the decrease in market demand for other services such as standalone translations, design and production of different types of reports, newsletters, leaflets, brochures, etc. as a result of uncertainties in the global economy and the Hong Kong financial market. For the years ended 31 March 2020 and 2019, the revenue generated from this segment represented approximately 2.6% and 3.6% of the Group's total revenue respectively.

## **FUTURE PROSPECTS**

Going forward, the global economy and the Hong Kong financial market is expected to be clouded by uncertainties arising from the escalating Sino-US trade dispute and the novel coronavirus pandemic. The weakened market sentiment and investor confidence dampen both fund-raising exercises and corporate actions by local listed companies, which may in turn have a negative impact on the business of the Group and the entire financial printing industry to a certain extent. The Group, however, firmly believes that there will still be a sustainable demand for periodic financial documents which the Group is well-positioned to capitalise on such opportunities with its strong and long-lasting relationships with its customers.

Coping with the above challenges, the Group will continue to leverage on its competitive edges in branding and networking to further expand our customer base while optimising our professional services. We will forge ahead against all odds in order to bring the highest returns to our shareholders.

## **FINANCIAL REVIEW**

### **Revenue**

The Group's revenue decreased from approximately HK\$159.7 million for the year ended 31 March 2019 to approximately HK\$146.6 million for the year ended 31 March 2020, representing a decrease of approximately 8.2%. The decrease was primarily attributable to the decrease in revenue from company announcements and shareholder circulars segment amounting to approximately HK\$11.5 million and decrease in revenue from others segment amounting to approximately HK\$2.0 million, such decreases was partly offset by the increase in revenue from results announcements and financial reports segment amounting to approximately HK\$0.9 million.

### **Cost of services**

The Group's cost of services mainly include staff cost, translation cost and printing cost, which represented approximately 42.6%, 28.6% and 25.3% of the Group's total cost of services for the year ended 31 March 2020 respectively. The Group's cost of services decreased from approximately HK\$73.1 million for the year ended 31 March 2019 to approximately HK\$70.4 million for the year ended 31 March 2020, representing a decrease of approximately 3.7%.

The decrease in cost of services was mainly attributable to the decrease in translation cost amounting to approximately HK\$6.8 million and partly offset by the increase in staff cost amounting to approximately HK\$3.1 million. Such decrease was generally in line with the decrease in the Group's revenue during the year.



## **Gross profit**

The Group's gross profit decreased from approximately HK\$86.6 million for the year ended 31 March 2019 to approximately HK\$76.1 million for the year ended 31 March 2020, representing a decrease of approximately 12.1%. Such decrease was mainly attributable to the decrease in revenue from company announcements and shareholder circulars segment and others segment, such decreases was partly offset by the increase in revenue from results announcements and financial reports segment. The Group's gross profit margin was approximately 54.2% and approximately 52.0% for the years ended 31 March 2019 and 2020 respectively, which remained relatively stable.

## **Other income**

The Group's other income for the year ended 31 March 2020 was approximately HK\$3.4 million, representing an increase of approximately HK\$1.8 million as compared with approximately HK\$1.6 million for the year ended 31 March 2019, which was mainly attributable to the increase in reversal of impairment loss of trade receivable of approximately HK\$0.9 million.

## **Selling and distribution expenses**

The Group's selling and distribution expenses was approximately HK\$15.4 million for the year ended 31 March 2020, which remained relatively stable as compared with approximately HK\$15.3 million for the year ended 31 March 2019.

## **Administrative expenses**

The Group's administrative expenses decreased from approximately HK\$36.4 million for the year ended 31 March 2019 to approximately HK\$30.2 million for the year ended 31 March 2020. The decrease was mainly attributable to the absence of the one-off expenses in connection with the transfer of the listing of the shares of the Company from GEM to the Main Board of the Stock Exchange (the "Transfer") of approximately HK\$4.5 million recorded during the year ended 31 March 2019.

### **Impairment loss of trade receivables**

The Group's impairment loss of trade receivables was approximately HK\$3.2 million for the year ended 31 March 2020, which remained relatively stable as compared with approximately HK\$2.8 million for the year ended 31 March 2019.

### **Finance Costs**

The Group's finance costs for the year ended 31 March 2020 increased by approximately HK\$0.2 million, which was due to the increase in lease liabilities as at 31 March 2020 after the initial application of HKFRS 16 on 1 April 2019.

### **Income tax expenses**

The Group's income tax expenses decreased from approximately HK\$6.0 million for the year ended 31 March 2019 to approximately HK\$4.7 million for the year ended 31 March 2020. Such decrease was mainly attributable to the decrease in profit before taxation.

### **Profit for the year**

Profit after tax of the Group decreased by approximately 6.5% from approximately HK\$27.7 million for the year ended 31 March 2019 to approximately HK\$25.9 million for the year ended 31 March 2020. Such decrease was mainly attributable to the decrease in revenue mainly resulting from the uncertainties in the global economy and the Hong Kong financial market, which was partly offset by the absence of the one-off expenses in connection with the Transfer recorded during the year ended 31 March 2019. The net profit margin of the Group was approximately 17.7% for the year ended 31 March 2020, which remained relatively stable as compared with approximately 17.4% for the year ended 31 March 2019.

## **LIQUIDITY, CAPITAL RESOURCES AND GEARING RATIO**

As at 31 March 2019 and 2020, the Group had net current assets of approximately HK\$139.3 million and HK\$118.3 million respectively. As at 31 March 2019 and 2020, the Group had cash and cash equivalents of approximately HK\$116.8 million and HK\$105.2 million respectively. As at 31 March 2019 and 2020, the Group did not have any borrowings, bank overdrafts, bank loans and banking facilities. Gearing ratio (which is calculated by dividing total debt by total equity) of the Group was 1.1% (2019: not applicable) due to the increase in lease liabilities as at 31 March 2020 after the initial application of HKFRS 16 on 1 April 2019.

The Group intends to finance its future operations, capital expenditure and other capital requirements with the cash generated from business operations and cash and bank balances available.

## **FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS**

The Group did not have plans for material investment or capital assets as at 31 March 2020.

## **SIGNIFICANT INVESTMENTS/MATERIAL ACQUISITIONS AND DISPOSALS**

The Group did not make any significant investments or material acquisition and disposal during the year ended 31 March 2020.

## **CONTINGENT LIABILITIES**

As at 31 March 2019 and 2020, the Group did not have any significant contingent liabilities.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 March 2020, the Group had a total of 97 full time employees (31 March 2019: 102) and the average number of staff remained unchanged at 99 for the years ended 31 March 2019 and 2020. For the year ended 31 March 2020, the Group incurred staff costs, including Directors' remuneration, of approximately HK\$53.9 million (2019: approximately HK\$50.7 million).

The Group is aware of the intense competition for experienced staff in the financial printing industry and the importance of retaining talented and professional employees for operations and business. As such, the Group ensures that its overall level of remuneration remains competitive in order to retain our staff. The Group adopts performance-based remuneration packages to further motivate our staff. The Group places an emphasis on instilling upon our staff a sense of belonging through organising company-wide staff and family activities. In addition, the Group also sponsors team-building events for various departments.

The Group's principal policies concerning remuneration of Directors and senior management are determined based on the relevant Director's or member of senior management's duties, responsibilities, experiences, skills, performance of the Group and are made with reference to those paid by comparable companies. Executive Directors and senior management may receive a discretionary bonus which shall be determined by the Board with regard to the performance of the relevant executive Director or member of senior management and the operating results of the Group as a whole in respect of the financial year. Executive Directors and senior management may be granted share options of the Company as part of the remuneration package, subject to the discretion of the Board. Independent non-executive Directors receive compensation in the form of director fees. Remuneration of Directors and senior management will be reviewed annually by the remuneration committee of the Company.

During the year ended 31 March 2020, the Group has maintained good working relationships with its employees and has not experienced any disruption to its business operations arising from labour disputes or difficulties in recruiting.

## **CAPITAL COMMITMENTS**

As at 31 March 2020, the Group has no capital commitment (2019: nil).

## **CHARGES ON GROUP ASSETS**

As at 31 March 2020, the Group had no charges on the Group's assets (2019: nil).

## **TREASURY POLICIES**

The Directors will continue to follow a prudent policy in managing the Group's cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

## **POSSIBLE RISKS EXPOSURES**

### **Credit risk**

The Group has no significant concentrations of credit risk with exposure spread over a large number of counterparties and customers. The carrying amounts of contract assets, trade and other receivables and bank balances are the Group's maximum exposure to credit risk in relation to financial assets.

In respect of bank balances, the credit risk is considered to be low as the counterparties are reputable banks with high credit ratings. The existing counterparties do not have defaults in the past. Therefore, expected credit loss rate of bank balances is assessed to be close to zero.

The Group makes periodic assessment on the recoverability of the contract assets and trade and other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of contract assets and trade and other receivables based on historical settlement records and past experience. There is no material credit risk inherent in the Group's outstanding balance of contract assets and trade and other receivables.

In this regard, the Directors are of the view that the Group does not expose to a significant credit risk.

### **Interest rate risk**

The Group is exposed to minimal interest rate risk as bank balances is the only interest-bearing asset while other financial assets and liabilities are not interest-bearing. The Group monitors the interest rate exposure on a continuous basis.

## **Liquidity risk**

The Group is exposed to minimal liquidity risk as a substantial portion of its financial assets and financial liabilities are due within one year and it can finance its operations from existing shareholders' funds and internally generated cash flows.

For the liquidity risk, the Group monitors and maintains a level of bank balances and cash deemed adequate to finance the Group's operations and mitigate the effect of fluctuations in cash flows. The Group monitors current and expected liquidity requirements on a regular basis.

## **CUSTOMER AND SUPPLIER RELATIONSHIP**

The Group's major customers are companies listed on the Stock Exchange. The Group is committed to building long term and stable business relationships with existing customers through sales and marketing department and dedicated account service team, and will continue to perform customer-relationship building activities from time to time.

The Group maintains a good relationship with its suppliers. The Group engages suppliers in consideration of their quality of services, their costs and time schedules. The Group maintains a sufficient number of suppliers for printing and translation works, and as such the Group has minimal exposure to the loss of any supplier(s).

## **FOREIGN EXCHANGE EXPOSURE**

Since the Group's business activities are solely operated in Hong Kong and mainly denominated in Hong Kong dollars, the Directors consider that the Group's risk in foreign exchange is insignificant.

## **EVENTS AFTER THE REPORTING PERIOD**

Since January 2020, the outbreak of Coronavirus Disease 2019 (“COVID-19”) has had an adverse impact on the global business environment. Due to the inherent nature and the unpredictability of future development of COVID-19 and market sentiment, the directors of the Company consider that the impact of COVID-19 on the Group’s operations and financial position cannot be reasonably assessed. Pending the development and spread of COVID-19 subsequent to the date of these consolidated financial statements, the directors of the Company will continue to assess the impact of COVID-19 on the Group’s operations and financial position and closely monitor the Group’s exposure to the risks and uncertainties in connection with the pandemic.

## **DIVIDENDS**

An interim dividend of HK2.5 cents per share of the Company was paid to its shareholders by the Company during the year ended 31 March 2020 (2019: nil).

The Board does not recommend the payment of any final dividend for the year ended 31 March 2020 (2019: a final dividend of HK2.5 cents per share of the Company and a special dividend of HK7.5 cents per share of the Company).

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 March 2020.

## **CORPORATE GOVERNANCE**

The Company has adopted the code provisions as set out in the corporate governance code (the “CG Code”) contained in Appendix 14 to the Listing Rules as its own code of corporate governance. During the year ended 31 March 2020, the Company has complied with all the code provisions as set out in the CG Code.

## **REVIEW BY AUDIT COMMITTEE**

The audited consolidated financial statements of the Company for the year ended 31 March 2020 have been reviewed by the audit committee of the Company.

## **SCOPE OF WORK OF SHINEWING (HK) CPA LIMITED**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2020 as set out in this preliminary results announcement have been agreed by the Group's auditors, SHINEWING (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2020. The work performed by SHINEWING (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by SHINEWING (HK) CPA Limited on this preliminary results announcement.

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company is scheduled to be held on Wednesday, 19 August 2020, the notice of which will be published on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.aplusgp.com](http://www.aplusgp.com).

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Friday, 14 August 2020 to Wednesday, 19 August 2020, both days inclusive, for the purposes of determining the entitlements of the shareholders to attend and vote at the forthcoming annual general meeting of the Company. No transfer of shares of the Company may be registered during this period. In order to qualify to attend and vote at the forthcoming annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 13 August 2020 for registration.



## **PUBLICATION OF ANNUAL REPORT ON THE WEBSITES OF THE COMPANY AND THE STOCK EXCHANGE**

Pursuant to the requirements of the Listing Rules, the 2019/20 annual report of the Company will set out all information required by the Listing Rules and will be published on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.aplusgp.com](http://www.aplusgp.com) on or before 31 July 2020.

By order of the Board  
**A.Plus Group Holdings Limited**  
**Lam Kim Wan**  
*Chairman and Executive Director*

Hong Kong, 30 June 2020

*As at the date of this announcement, the executive directors of the Company are Mr. Lam Kim Wan and Mr. Fong Wing Kong, and the independent non-executive directors of the Company are Mr. Yue Ming Wai Bonaventure, Ms. Sze Tak On and Mr. Leung Siu Hong.*