

UniVision Engineering Limited



Annual Report
Year ended 31 March 2018

UNIVISION ENGINEERING LIMITED
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Year ended 31 March 2018

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BOARD OF DIRECTORS, OFFICERS AND PROFESSIONAL ADVISERS

Board of Directors

Stephen Sin Mo KOO, *Executive Chairman*
Chun Pan WONG, *Chief Executive Officer*
Danny Kwok Fai YIP, *Finance Director*
Peter Yip Tak CHAN, *Director of Sales and Marketing*
Nicholas James LYTH, *Non-Executive Director*

Senior Management

Mike Chiu Wah CHAN, *Director of Operations*
Wai Chung LAM, *Software Development Manager*
Ivan Chi Hung CHAN, *Sales Manager*

Audit Committee

Nicholas James LYTH, *Chairman*
Stephen Sin Mo KOO

Remuneration Committee

Nicholas James LYTH, *Chairman*
Stephen Sin Mo KOO

AIM Stock Code

UVEL

Company Secretary

Danny Kwok Fai YIP

Registered Office

Unit 01A, 2/F Sunbeam Centre,
27 Shing Yip Street,
Kwun Tong, Kowloon,
Hong Kong
Tel: (852) 2389 3256
Fax: (852) 2797 8053
E-mail: uvel@hk.uvel.com
Website: www.uvel.com

Nominated Adviser

SPARK Advisory Partners Limited
5 St. John's Lane,
London, EC1M 4BH
U.K.

Principal bankers

Hong Kong and Shanghai Banking Corporation
Bank of China (Hong Kong)
Citibank, N.A.

Auditor

HKCMCPA Company Limited
Certified Public Accountants
15/F., Aubin House
171-172 Gloucester Road,
Wanchai, Hong Kong

Registrars

Computershare Investor Services
(Jersey) Limited
Queensway House,
Hilgrove Street,
St Helier,
Jersey JE1 1ES.

UK Depositary

Computershare Investor Services PLC
The Pavilions,
Bridgwater Road,
Bristol BS99 6ZZ,
UK

Broker

SI Capital Limited
46 Bridge Street,
Godalming,
Surrey GU7 1HL
U.K.

CHAIRMAN'S STATEMENT

INTRODUCTION

I am pleased to report the Company's audited results for the financial year ended 31 March 2018.

Turnover for the year increased by 18.5% (underlying rate) to £5.6m (2017: £4.8m). This increase was mainly due to the 34% growth in construction contracts which came largely from the Replacement of CCTV Systems Project ("the Major Contract") with MTR Corporation Limited ("MTRC") in Hong Kong which was commenced in May 2017. As we have previously informed shareholders, we believe that this Major Contract is transformational for the business and leads to a step-change in revenue and profitability of the Company. The Board expects that the Company will achieve a substantial growth in the business, which will become more evident in the current financial year as we will be able to demonstrate a whole 12 months' contribution from the Major Contract, which will build a base for the forthcoming periods until that contract completes in 2023.

In maintaining its dividend policy, the Board declares a final dividend of 0.43 HK cents (gross) per share for the financial year ended 31 March, 2018 (2017: 0.41 HK cents), an increase of 4.9%.

The Directors are confident of the future of UniVision and are optimistic about the Company's prospects.

NEW MAJOR CONTRACT WITH MTRC

As announced on 12 May 2017, the Company won a major contract of value HK\$389.4m (£38.1m) with MTRC following a tender process. With further, already agreed add-ons HK\$17.9m to this contract, the total value of this contract is now HK\$407.3m. The contract provides for the replacement works of the Closed Circuit Television (CCTV) systems for numerous MTRC railway lines. The Company is responsible to replacing the existing analogue CCTV system installed in the stations along the specified lines with a unified IP-based, digital CCTV system.

The Major Contract commenced mid May 2017 and the expected completion date is November 2023. The first invoice was billed in January 2018, with payment being received in mid-March 2018. The Board expects regular billing, on work completed and certified on a monthly basis, during the period of contract.

As announced on 17 April 2018, the Company invoiced HK\$5.1m to MTRC in the financial year ended 31 March 2018. This leaves a further value of HK\$402.2m over the remaining five and half years of the contract. The Company spent a number of months, from May 2017, on design and testing before the actual installation works commenced, which meant that there was back loading of billing in the year to 31 March 2018.

The Company is now fully engaged on the installation stage of the Major Contract. Up to the date of this Statement, the Group has invoiced HK\$33.4m to MTRC with 10% retention money held. The gross valuation or certified works on the Contract was HK\$37.1m up to 30 April 2018.

The Company acts as the main contractor for the project. According to the contract, the Company is required to provide a performance bond equivalent to 3% of the contract sum, i.e. HK\$11.7m. As announced on 29 January 2018, a leading insurance company has provided a surety bond facility of HK\$30m. The Company has used HK\$11.7m of the facility for the Major Contract with MTRC. The

CHAIRMAN'S STATEMENT (Continued)

unutilised facility as today is HK\$18.3m that can be utilised for other potential substantial projects. It minimises the cash burden and provides liquidity for business development.

The Board is always reviewing and negotiating with suppliers and sub-contractor for favourable credit terms. Few major suppliers are willing to offer longer credit period for the equipment. The Board closely monitor the status of working capital for the project. As announced on 29 January 2018, HSBC, one of the Company's major bankers, provided banking facilities, including an invoice discounting/factoring facility of HK\$45m and trade facility of HK\$8m. This facility provides additional working capital to ensure the contract with MTRC can operate smoothly.

After the annual review in late July 2018, HSBC has increased our trade facility to the Company from HK\$8m to HK\$13m, including an overdraft limit of HK\$4m, with immediate effect. We believe that this demonstrates HSBC's growing confidence in the Company's business and it provides more funding capacity and funding flexibility for the Company's operations. The invoice discounting/factoring facility remains unchanged.

FINANCIAL REVIEW

The profit attributable to the equity holders of the Company is £735K (2017: £452K).

The improvement in performance in the year is mainly attributable to:-

- i) 34% growth in the income from construction contracts; and
- ii) Improved gross profit margin of 7% from maintenance contracts.

Having regard to the keen competitive environment and increased costs, the Directors are encouraged by this result.

The net working capital at the year ended was £2.8m (2017: £2.5m) The Directors attribute this to close monitoring and effective control of working capital and the banking facilities.

During the year under review the relative weakness of the HK\$ against GBP has led to a 1.9% appreciation in the GBP reported amount in the Consolidated Statement of Comprehensive Income. Also, a relative weakness of the HK\$ at the year-end has led to a 14% depreciation in the GBP reporting amount in the Consolidated Statement of Financial Position. It also led to the significant non-cash other comprehensive loss of £779K (2017: income £768K) on exchange differences arising on translation of foreign operations.

All figures in the Financial Statements needed to be adjusted for comparison purposes. All comparative % stated in the Chairman's Statement are adjusted to show the underlying change (net of translation effect on foreign exchange).

'Continuing operations' represent the Group's Security and Surveillance Systems business undertaken by the Hong Kong Company. The same business undertaken by the Taiwan Subsidiary prior to disposal by the Group is classified as discontinued operations. The loss from the discontinued operations during the year was Nil (2017: £41K).

Turnover in the year increased by 18.5% to £5.6m (2017: £4.8m). This increase was mainly due to the significant growth in construction contract income. The revenue from construction contracts significantly increased by 34% as compared with last year.

CHAIRMAN'S STATEMENT (Continued)

The growth of construction revenue was mainly due to the income generated from the following contracts:-

MTRC Replacement of CCTV Systems (the Major Project)
Hong Kong-Zhuhai-Macao Bridge Project
Liangtang Traffic Control and Surveillance System Project
Central Wanchai By Pass Project
Modern Terminal CCTV System Upgrade Project

In addition, construction contracts including the installation, relocation, modification and replacement works were provided by MTR Corporation Limited also contributed to the increase.

On the other hand, revenue from the Company's maintenance contracts decreased slightly by 5.6% compared with last year. The CCTV replacement project for the railway lines of MTRC led to low demand for maintenance works for MTRC. The slow growth was mainly due to the change in scope of the services provided. The existing maintenance contract for MTRC, was renewed during the period for a further three years to 31 December 2020.

Gross profit margin for the Company remained stable at 32% (2017: 34%). The main reason was the decrease in gross profit from 34% to 30% in the Company's construction contracts, where the Major Contract has been at a relatively lower margin when compared to many of our other construction contracts, which have a much lower revenue. On the other hand, our profit margin for the maintenance contracts was improved by 7% to 44% (2017: 37%) This increment was contributed from a few orders with comparatively high profit margin. In facing the increased operating costs, inflation and the long-term contract period, the Company will maintain to impose the effective and efficient control of human resources, material costs, logistics and sub-contracting charges to maintain the level of profit margin.

Administration expenses in the year decreased by 4.4% to £0.99m (2017: £1.05m). This was achieved through effective control of human resources, operating costs and other overheads.

Finance costs was increased to £2K (2017: £0.1K) since the Company commenced to use its banking facility with HSBC in the 4th quarter of the financial year. Interest was charged at HSBC's Hong Kong Dollars Best Lending Rate.

Net profit before income tax from continuing operations was £735K (2017:£452K). Basic earnings from continuing operations per share for this year increased to 0.19p (2017: 0.11p).

No significant capital investment occurred in the year.

The Directors propose the payment of a final dividend of 0.43 HK cents (gross) per share for the financial year ended 31 March, 2018 (2017: 0.41 HK cents), an increase of 4.9%. The dividend timetable is as follows:

Ex date	13 September 2018
Record date	14 September 2018
Payment date	8 October 2018

Payment of the dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in the financial statements.

CHAIRMAN'S STATEMENT (Continued)

BUSINESS REVIEW

Markets

According to the WiseGuy Report: Video Surveillance as a Service Global Market 2018- Key Application Opportunities, Demand, Status, Trends, Share, Forecast 2022, the market is projected to grow with a Compound Annual Growth Rate of 26.25% during the period 2017 to 2022.

Growing focus on infrastructure protection, public safety and increasing demand for high resolution imaging are some of the key factors driving the market growth. Besides, technological advancements have led to enhanced cyber security systems and efficient remote monitoring, leading to burgeoning demand for these systems over the forecast period.

The Board regards the increasing demand for wireless network infrastructure as the key growth driver for the surveillance market. The major contract with MTRC that replacing CCTV cameras from analogue-based with IP-based units is a very good example of that market trended. The Board anticipates that the demand for Security and Surveillance Systems from local government infrastructure projects and the private sector to increase in coming years.

The Board believes being awarded the Major Contract to UniVision, by MTRC, will give the Company a great opportunity to market its brand to purchasers of similar systems outside Hong Kong,

The Company currently considering looking at other market segments, such as rolling stock business in railway, to strengthen our business growth.

As the Company has secured a big order from MTRC on IP-based CCTV System, a logical new step would be Video Analytics, in particular Facial Recognition. This technology is being enhanced rapidly and UniVision is in a very good position to enter into this market, which is considered as a big wave in the near future.

Business

The Company has the opportunity to win additional potential contracts from MTRC that are associated with the Main Contract, as we have already demonstrated. The additional works amounting to HK\$10.9m (£1.05m) for the integration of the Station CCTV System in the Hung Hom to Admiralty Section of the Shatin to Central Link project, as announced on 1 November 2017 is a good example.

Under the Major Contract with MTRC, the Company acts as the network service provider in the application of CCTV systems. During the current year, the Company recruited additional professional staff to handle those tasks. The Board considers that entering the new business as a provider of network service and information technology may offer the Company further business opportunities in related areas.

MTRC has renewed the existing contract with the Company to provide maintenance services to MTRC's network of Closed Circuit Television ("CCTV") systems and public address systems on seven railway lines in Hong Kong. The contract has been renewed for a further three year period commencing on 1 January 2018.

CHAIRMAN'S STATEMENT (Continued)

Customers

The Company's major customers are public organisations and sizeable private enterprises, such as the Electrical and Mechanical Services Department ("EMSD") of the Hong Kong Government and MTRC in Hong Kong which were major customers in this financial year.

The Major Contract with MTRC led to a significant annualised outstanding workload value which requires the Company to have additional working capital in the financial assessment by the Hong Kong Government. Works Branch. A shortfall in working capital of GBP 0.62m (HK\$6m) existed in the 2017 financial test. This meant that the Company is suspended, by this customer, from tendering for additional public works contracts for up to six months from 27 July 2018 until the shortfall has rectified. The Board regard the effect of this temporary suspension as insignificant given the current state of the business. The Company currently concentrates its resources on the Major Contract with MTRC, the main driver for the business which means that, with our other construction and maintenance contracts we are currently operating close to full capacity. Nevertheless, the Company will apply to uplift the suspension as soon as possible.

Whilst the Board is delighted with its major customer relationships, to avoid the concentration of customers, the Company has initiated a plan to diversify our customer base, particularly looking to the sizeable private and domestic sectors.

UPDATE ON DIRECTOR SHARE TRANSFER

Further to the announcement on 20 September 2017, the terms regarding the sale of shares by Stephen Koo, Chairman of UniVision, to Nan Ning Hai Li Real Estate Development Limited ("Hai Li") and Mr. Xin Hai were extended to 30 September 2017. Up to date, Stephen Koo had not received the consideration for this transaction. As the extended final date for the settlement of consideration has expired, the Memorandum of Understanding and the Sale and Purchase Agreement for acquiring the shares owned by Stephen Koo are ineffective due to non-performance. As a result, there has been no change to the majority shareholding position of the Company.

PROSPECTS

The Board expects that the high demand for its network and high definition security and surveillance system will provide the ground for the Company to grow in these markets. Given our current commitment to the Major Contract and other customers, we will need to manage our growth carefully and will manage our expansion carefully, with a view to controlling cost and maintaining our margins.

As there are several major local infrastructure projects are due to be completed in the coming years, including the High Speed Railway extension (Hong Kong Section), the new runway for Hong Kong International Airport and the extension of MTR lines in Hong Kong, these will provide opportunity for business growth.

We believe that demand for Security and Surveillance Systems will remain high and the Company's core competence relies on our dedicated and experienced management and personnel. The Company will reward the employees according to the Company's and their individual performance.

CHAIRMAN'S STATEMENT
(Continued)

Finally, on behalf of the Board, I would like to thank our customers, suppliers, sub-contractors and shareholders for their continued support of UniVision. I would also like to acknowledge the hard work of the management and all staff for their contribution and dedication to the Company.

MR. STEPHEN SIN MO KOO
EXECUTIVE CHAIRMAN

15 August 2018

DIRECTORS AND SENIOR MANAGEMENT'S BIOGRAPHIES

DIRECTORS' BIOGRAPHIES

Nicholas James LYTH – Non-executive Director (aged 52)

Mr. Lyth is a qualified chartered management accountant and has over 17 years experience as a finance professional, having spent a number of years as director of UK companies. He has lived and worked in China and can speak and write Mandarin. Nicholas is currently Chief Executive Officer of Altona Energy plc, an U.K. quoted mining and exploration company.. He is responsible for day to day liaison with UK investors for UniVision. Mr. Nyth is the Chairman of the Audit Committee and the Remuneration Committee.

Stephen Sin Mo KOO – Executive Chairman (aged 60)

Mr. Koo joined UniVision in 1998 and was appointed as a Director on 3 March 2003. He is responsible for overall strategic planning of our Group. He holds both a Bachelor Degree from the University of Technology, Sydney, and a Masters Degree in Business from the Royal Melbourne Institute of Technology in Australia. He is the Director of Up Sky Investments Limited and UniVision Holdings Limited, the Group's major shareholding companies. He is a Fellow of the Institute of Certified Public Accountants of Australia. Mr. Koo is a member of the Audit Committee and the Remuneration Committee.

Chun Pan WONG – Chief Executive Officer (aged 58)

Mr. Wong joined UniVision in 1991 and was appointed as a Director on 25 March 1992. He holds a Master Degree in Religious Studies in Chinese University of Hong Kong and a Bachelor Degree in Computer Science from the University of Edinburgh, Scotland, and over 18 years experience in the surveillance industry. Mr. Wong is responsible for formulating and overseeing the implementation of UniVision's business development strategies and for the management of the Company's operations. He is also responsible for the development of UniVision's state of the art CCTV control and monitoring systems and smart card access systems.

Danny Kwok Fai YIP –Finance Director (aged 54)

Mr. Yip was appointed as Finance Director on 18 September 2007. He was the Financial Controller for the Group before the appointment. Mr. Yip obtained a Master of Corporate Finance degree from The Hong Kong Polytechnic University and a Bachelor of Commerce (Accounting) degree from The Curtin University of Technology, Australia. Before joining the Group, Mr. Yip was the Accounting Manager of Nissin Food Group, the leading instant noodle and food manufacturing MNC. Mr. Yip has over 20 years experience in finance and accounting in different industries. He is a fellow member of the Association of Chartered Certified Accountants and a member of Hong Kong Institute of Certified Public Accountants. He also acts as Company Secretary for the Corporation.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

(Continued)

Peter Yip Tak CHAN – Director of Sales and Marketing (aged 54)

Mr. Chan joined UniVision in 1995 and was appointed as a Director on 3 October 2014. He holds a Degree in Computing from the University of Northwest Missouri and has over 10 years experience in sales and project management. He is responsible for the management of UniVision's Sales and Marketing Division.

SENIOR MANAGEMENT'S BRIEF BIOGRAPHIES

Mike Chiu Wah CHAN – Director of Operations (aged 43)

Mr. Chan joined UniVision as Assistant Engineer in December 1996, and was promoted to a number of increasingly senior positions in maintenance and project department, prior to being appointed to his present position on 2 January 2008. He is now responsible for the management of UniVision's Project and Maintenance Division. Mr. Chan holds a Bachelor of Engineering degree in Industrial and Manufacturing System Engineering from The University of Hong Kong.

Wai Chung LAM – Software Development Manager (aged 49)

Mr. Lam joined UniVision in October 2012, and has over 18 years experience in Software Development. He oversees the function of UniVision's Research and Development and CCTV Software Development. Mr. Lam was also employed by UniVision during the period from June 1993 to July 2000. He has performed the leading role in the system integration development project of MTR Corporation and Hong Kong International Airport at that period. He holds a Higher Diploma in Computer Engineering from City University of Hong Kong.

Ivan Chi Hung CHAN – Sales Manager (aged 43)

Mr. Chan joined UniVision as Technician in October 1996, and was promoted to a number of increasingly senior positions in various departments, prior to being appointed to his present position on 1 January 2012. He is now assisting the management of UniVision's Sales and Marketing Division. Mr. Chan is also responsible to manage the construction projects as assigned by the Company. He holds a Bachelor of Engineering (Honours) degree in Electronics and Communication Engineering from City University of Hong Kong.

UNIVISION ENGINEERING LIMITED DIRECTORS' REPORT

The Directors have pleasure in presenting their annual report together with the audited financial statements of the Company for the year ended 31 March 2018.

Principal Activities and Segment Analysis Operations

The principal activities of the Company are the supply, design, consultation, installation and maintenance of closed circuit television and surveillance systems, and the sale of security related products. An analysis of the Group's performance by business segments is set out in note 7 to the financial statements.

Continuing Operations

Continuing operations represent the Security and Surveillance Systems business undertaken by the Hong Kong Company.

Discontinued Operation

The Group discontinued its security and surveillance systems business undertaken by the Taiwan Subsidiary as at 31 March, 2017 by selling its entire holding interest to the Group's Executive Chairman. Details of the transaction are set out in note 27 to the financial statements.

Review of the Business

Details on the assessment and analysis of the Company's performance and its material factors underlying its results and financial position and its future development are included in the Chairman's Statement.

Financial Position

The Company's profit for the year ended 31 March 2018 and the state of affairs of the Company at that date are set out in the statement of profit or loss and other comprehensive income on page 28 and in the statement of financial position on page 29, respectively.

The Company's changes in shareholders' equity for the year ended 31 March 2018 are set out in the statement of changes in equity on page 30 respectively.

The Company's cash flow for the year ended 31 March 2018 is set out in the statement of cash flows on pages 31.

DIRECTORS' REPORT
(Continued)

Key Performance Indicators (KPI)
Continuing operations

		<u>2018</u>	<u>2017</u>
Current Ratio:	Current Assets / Current Liabilities	1.8	1.8
Average Collection Period :	Trade receivables (net of allowance for doubtful debts) / Sales per day	37 days	40 days
Inventory Turnover :	Cost of sales / Inventories	3.9	2.9
Gross profit Margin :	Gross profit / Sales	32%	34%
Return on Invested Capital :	Operating profit/Net assets	12%	7%
Quick Ratio :	(Current Assets –Inventories)/ Current Liabilities	1.6	1.4

DIRECTORS' REPORT

(Continued)

Share Capital and Reserves

Details of the movements in share capital are set out in note 23 on page 64.

The movements in reserves during the year are set out in the statement of changes in equity on page 30.

Dividends

The Directors propose that the payment of a final dividend of 0.43 HK cents (gross) per share for the financial year ended 31 March 2018.

Plant and Equipment

Details of the movements in plant and equipment are set out in note 16 on pages 58.

Directors

The directors who held office during the year and to the date of this report were as follows:

Stephen Sin Mo KOO
Nicholas James LYTH
Chun Pan WONG
Danny Kwok Fai YIP
Peter Yip Tak CHAN

Mr. Chun Pan WONG, Mr. Nicholas James LYTH and Mr. Peter Yip Tak CHAN retire by rotation at the forthcoming annual general meeting in accordance with the Company's Articles of Association and, being eligible, the current directors offer themselves for re-election.

Directors' Interests in Contracts

No director had a material interest in any contract of significance to the business of the Company to which the Company, its holding company, or its subsidiaries was a party at the end of the year or at any time during the year.

Directors' Interests in Shares

According to the register of Directors' Shareholdings kept by the Company, particulars of interests of the Directors (or their immediate families) who held office at the end of the financial year in the ordinary shares of the Company are as set out in the table below:

Ordinary Shares held as at 31 March 2018

Stephen Sin Mo KOO	279,703,700*
Nicholas James LYTH	1,200,000
Chun Pan WONG	-
Danny Kwok Fai YIP	-
Peter Yip Tak CHAN	-

DIRECTORS' REPORT

(Continued)

* 78,744,000 ordinary shares are registered under the name of Up Sky Investments Limited which is an investment holding company incorporated under the laws of the British Virgin Islands and is wholly-owned by Mr. Stephen Sin Mo KOO. Mr. Stephen Sin Mo KOO, is deemed to be interested in all the ordinary shares registered in the name of Up Sky Investments Limited.

Following the share transaction on 8 July 2011, the entire stake of UniVision Holdings Limited (it holds 183,736,000 shares of the Company) was transferred to Up Sky Investments Limited, a company that is wholly owned by Mr. Stephen Koo.

A share transaction effected on 17 November 2015, Up Sky Investments Limited transferred its entire stake in UniVision Holdings Limited to Mr. Stephen Koo. In addition, Mr. Stephen Koo is also interested in 17,223,700 ordinary shares in the Company.

In summary, Mr. Stephen Koo has a total direct and indirect interest in 279,703,700 ordinary shares in the Company, equivalent to 72.9% of the Company's total issued share capital.

Save as disclosed in this report, none of the Directors (or their immediate families) who held office at the end of the financial year had interests in the share capital of the Company during the financial year.

Directors' Rights to Acquire Shares or Debentures

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or its subsidiaries a party to any arrangement to enable the directors of the Company to acquire by means of the acquisition of shares in, or debentures of any other body corporate.

Substantial Shareholdings

As at 9 August 2018, the Directors had been informed of the following companies that held 3% or more of the Company's issued ordinary share capital:

	Number of ordinary shares	% of total issued share capital
UniVision Holdings Limited (1)	183,736,000	47.9
Up Sky Investments Limited (2)	78,744,000	20.5
Hargreaves Lansdown (Nominees) Limited	40,245,643	10.5
Beaufort Nominees Limited	24,960,073	6.5

DIRECTORS' REPORT

(Continued)

⁽¹⁾ UniVision Holdings Limited is an investment holding company incorporated under the laws of the British Virgin Islands and was formerly owned by Up Sky Investments Limited. Up Sky Investments Limited transferred the entire stake to Mr. Stephen KOO on 17 November 2015.

⁽²⁾ Up Sky Investments Limited is an investment holding company incorporated under the laws of the British Virgin Islands and is wholly-owned by Mr. Stephen Sin Mo KOO.

Political and Charitable Donations

During the year the Company made Nil charitable contributions (2017: £98.). No political contribution was made.

Environmental Policy

The Company aims to protect the environment by minimising environmental adverse in daily operations and encourage recycling for more efficient use of resources. Besides, energy efficiency practices to reduce the energy consumption. Air conditioning, electricity and water conservation have been closely monitored and reviewed to maintain an efficient operation. Proper treatment of industrial wastes and hazardous material has been put in practice.

Employees

The Company values staff involvement at all levels of operations, and uses various means to train, inform and consult the employees. The Company encourages the management to discuss regularly with the employees on both corporate and individual matters and discloses information to them that will increase their awareness of the financial and economic factors affecting the Company.

The Company recognises its obligations to provide a fair consideration on all vacancies towards people with disability and to ensure that such persons are not discriminated against on the grounds of their disability. For those employees who become disabled during their employment period, the Company will make every effort to ensure that their employment will continue and that sufficient training is arranged.

Annual General Meeting

The Annual General Meeting of the Company will be held at UniVision Engineering Limited, Unit 01A, 2/F Sunbeam Centre, 27 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong, on 20 September 2018 at 5:00 p.m. The Notice of Meeting appears on page 68 to 69.

Annual Report

The annual report for the year ended 31 March 2018 will be uploaded on the Company's website www.uvel.com on 15 August 2018 upon announcement and the hard copy will be sent to shareholders by our Registrars, Computershare Investor Services (Jersey) Limited.

DIRECTORS' REPORT (Continued)

Auditor

HKCMCPA Company Limited, Certified Public Accountants, remain as our auditor for the year. A resolution to re-appoint HKCMCPA Company Limited, Certified Public Accountants as auditor of the Company will be put to the forthcoming Annual General Meeting.

By Order of the Board

Mr. Stephen Sin Mo KOO
Executive Chairman

Hong Kong
15 August 2018

REMUNERATION REPORT

The Remuneration Committee presents this report to shareholders on behalf of the Board.

Membership of Remuneration Committee

The Remuneration Committee comprises Mr. Nicholas James LYTH (our Non-executive Director) and Mr. Stephen Sin Mo KOO (our Executive Chairman) and is chaired by Mr. Nicholas James LYTH.

Policy Statement

The Remuneration Committee sets the remuneration and all other terms of employment of the Executive Directors with a vision to provide a package which is suitable for the responsibilities involved. The remuneration of the Executive Directors is determined by the Remuneration Committee having regard to the performance and experience of individuals, the overall performance of the Group and market trends.

Directors' Remuneration

Details of individual director's remuneration for the year are set out in the table below:

	Salary and fees £	Pension scheme contribution £	Bonus £	2018 Total £	2017 Total £
Executive Directors					
Stephen Sin Mo KOO	-	-	-	-	-
Chun Pan WONG	72,998	1,732	5,792	80,522	77,100
Danny Kwok Fai YIP	56,313	1,732	4,635	62,680	61,809
Peter Yip Tak CHAN	56,582	1,732	4,657	62,971	61,192
Non-executive Director					
Nicholas James LYTH	13,859	-	-	13,859	14,122

Directors' Interests in Contracts and Interests in Shares

Details of Directors' Interests in Contracts and Interests in Shares are given in the Directors' Report.

REPORT ON CORPORATE GOVERNANCE

Introduction

The Directors believe that their foremost function is to generate continuous profits for the Company's investors, and that this should be achieved by a policy of high standards of corporate governance, integrity and ethics. As the Company is listed on AIM and not subject to the Listing Rules of the UK Listing Authority, it is not officially required to comply with the provisions detailed in the Combined Code on Corporate Governance. However, it is the intention of the Board to manage the Company's affairs in accordance with this Code, in so far as is practical and appropriate for a public company of this size and complexity. The following are a few examples on how the Directors have applied the principles of good corporate governance to manage the Company throughout the year.

Board of Directors

The Board directs and controls the Company and is responsible for strategy and operating performance. It meets regularly throughout the year and has adopted a schedule of matters specifically reserved for its decision.

All Directors are elected by shareholders at the first opportunity after their initial appointment to the Board and to be re-elected thereafter at intervals of not more than three years. Biographical information on all the Directors is listed in the Directors' and Senior Management's Biographies section to the annual report, which may help the shareholders to make a decision at the time of re-election.

Upon their appointments, the Directors are offered an opportunity to request information and training relevant to their legal and other duties. They are also given written guidelines and rules defining their responsibilities within an AIM listed company.

The Board considers that all Non-executive Directors are independent of management and day to day operation, and free from any commercial relationship with the Company. These Non-executive Directors do not participate in any of the Company's pension schemes or bonuses. The Chairman of the Audit and Remuneration Committees is a Non-executive Director.

Nomination Committee

As the Board of Directors of the Company is relatively small, there is no separate Nomination Committee. All nominations to the Board are considered by all of the Directors.

Audit Committee

Our Audit Committee comprises Mr. Nicholas James LYTH (our Non-executive Director) and Mr. Stephen Sin Mo KOO (our Executive Chairman) and is chaired by Mr. Nicholas James LYTH. The Chairman of the Audit Committee has full discretion to invite any Executive Directors to attend its meetings. The Audit Committee meets not less than twice per annum.

REPORT ON CORPORATE GOVERNANCE

(Continued)

The responsibilities of the Committee are to:

- monitor the quality of the overall internal control system of all financial matters;
- review the Company's Accounting Policies and ensure compliance with accounting standards;
- ensure that the financial performance of the Company is properly measured and reported on;
- consider the appointment/re-appointment of the external auditor;
- review the conduct of the audit and discuss the audit fees;
- review reports from the Auditors relating to the Company's accounting and internal controls;
- to ensure the Company complies with the AIM Rules.

Remuneration Committee

Our Remuneration Committee comprises Mr. Nicholas James LYTH (our Non-executive Director) and Mr. Stephen Sin Mo KOO (our Executive Chairman) and is chaired by Mr. Nicholas James LYTH. The Remuneration Committee meets as required.

The responsibilities of the Committee are to:

- determine the specific remuneration package for each Director including Director's fees, salaries, allowances, bonuses, options, benefits-in-kind; and
- seek for professional advice, including comparison with similar businesses, in order to correctly fulfil its duties, as the Committee deems appropriate.

In discharging its functions, the Committee may obtain independent external legal and other professional advices as it deems necessary. The expense of such advice shall be borne by the Company.

Internal Control

The Board of Directors is responsible for ensuring that the Company maintains an internal financial control system with appropriate monitoring procedures. The purpose of this system is to safeguard Company assets, maintain proper accounting records, and ensure that reliable financial information is used within the Company and for publication purposes. However, the system is designed to manage rather than completely eliminate risk and can only provide reasonable but not absolute assurance against material misstatement.

In order to achieve the above responsibilities, the Board meets regularly and monitors the Company's internal financial control by reviewing the overall process and the performance of the systems, setting annual budgets and periodic forecasts, and seeking any prior approval for all significant expenditure.

The Company currently does not have an internal audit department and after extensive review and consideration, the Board has concluded that the existing control mechanisms are sufficient for the size of the Company. This decision will be kept under review.

REPORT ON CORPORATE GOVERNANCE

(Continued)

Going Concern

After making appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Company's financial statements.

Investor Relations

The Company realises that effective communication can increase transparency and accountability to its shareholders; as such, the Company discloses its information to its shareholders through RNS (i.e. the news distribution service operated by the London Stock Exchange plc). The same information can also be found on the Company's website (www.uvel.com). The Company will make every effort to ensure that all price-sensitive information is released publicly and immediately. If an immediate announcement is not possible, the Company will try to publicize the information at the earliest time possible to ensure that the shareholders and the public have fair access to it.

The Company will send the Annual Report and the notice of the Annual General Meeting (AGM) to all its shareholders. This notice is also made available on RNS. The Company recognises the importance of the shareholders' views and encourages them to attend the AGMs where they can share their opinions and raise direct queries and concerns towards the Directors, including the chairperson of each of the Board Committees. The shareholders are also welcomed to discuss any issues on an informal basis at the conclusion of the AGMs.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The Directors are responsible for preparing financial statements for each financial year. The Directors have elected to prepare the Company's financial statements in accordance with International Financial Reporting Standards (IFRSs). The Directors must not approve the financial statements unless they give a true and fair view of the state of affairs of the Company and of the profit or loss for that year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transaction and disclose with reasonable accuracy at any time the financial position of the Company. They have general responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Company and hence for taking reasonable steps for prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included in the Company's website. The Company is compliant with AIM Rule 26 regarding the Company's website.



**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
UNIVISION ENGINEERING LIMITED**
(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the financial statements of UniVision Engineering Limited (the "Company") set out on pages 28 to 67, which comprise the Statement of Financial Position as at 31 March 2018, the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the Statement of Financial Position as at 31 March 2018, and the Statement of Profit or Loss and Other Comprehensive Income, and the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended in accordance with International Financial Reporting Standards.

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Company Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountant's *Code of Ethics* for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE SHAREHOLDERS OF
UNIVISION ENGINEERING LIMITED
(Incorporated in Hong Kong with limited liability)

KEY AUDIT MATTERS

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

Estimation of contract costs and revenue recognition

Key audit matter

As disclosed in note 7 Segment information, the Company recorded revenue from the provision of construction works in Hong Kong totalling £4,093,942 for the year ended 31 March 2018.

Construction contract revenue and costs are recognised using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to the estimated total contract costs for a fixed price contract. The estimated cost to complete the contracts are based on management's best estimate and judgements, as disclosed in note 5 Critical accounting estimates and judgements.

We identified contract accounting estimates as a key audit matter because the estimation of the total revenue and total costs to complete a contract is inherently subjective and requires significant management judgement and estimation. Any changes or errors in the forecast of contract revenue and costs could result in a material variance in the amount of profit or loss recognised from contracts to date and, therefore, in the current period.

How our audit addressed the key audit matter

Regarding construction contract revenue recognition, we performed the following procedures:

- We discussed the design and implementation of key internal controls over the contract revenue and profit recognition processes.
- We discussed with management the performance of all contracts in progress during the year to understand the status of completion of the contracts.
- We evaluated the reasonableness of the estimated construction costs, taking into account the profit margin of similar projects, the duration and the complexity of the projects, etc.
- We challenged the key estimates and assumptions adopted by management in the estimation of contract costs.
- We obtained a detailed breakdown of total estimated cost to completion for all contracts in progress during the year and compared, on a sample basis, actual costs incurred at the reporting date and cost estimates with the agreements, quotation or correspondence with sub-contractors and suppliers and other documentation referred to by management in its assessment of the estimated costs to completion.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE SHAREHOLDERS OF
UNIVISION ENGINEERING LIMITED
(Incorporated in Hong Kong with limited liability)

KEY AUDIT MATTERS (CONTINUED)

Impairment assessment of trade and other receivables

Key audit matter

As disclosed in note 5 Critical accounting estimates and judgements and note 19 Trade and other receivables of the financial statements, as at 31 March 2018, the Company had trade and other receivables, of £4,328,313. For the year ended 31 March 2018, no impairment loss has been recognised.

The impairment assessment of the trade and other receivables requires exercise of significant judgement by management of the Company and is subjective. We have identified the impairment assessment of the trade and other receivables as a key audit matter.

How our audit addressed the key audit matter

Regarding the impairment of trade and other receivables, we performed the following procedures:

- We understood and evaluated the Company's internal controls over the process of identifying events or circumstances give rise to impairment on trade and unbilled receivables and the respective impairment assessments, and we tested relevant key internal controls.
- We performed an independent assessment to identify events or circumstances which may give rise to impairment of trade and unbilled receivables on a sample basis. We focused on trade receivable accounts and amounts due with material balances, were long outstanding or had poor credit records.
- We obtained the impairment calculation schedule of a specific trade and unbilled receivable account on a sample basis and assessed the impairment analysis performed by management, including inspection of the relevant supporting documents.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE SHAREHOLDERS OF
UNIVISION ENGINEERING LIMITED
(Incorporated in Hong Kong with limited liability)

OTHER INFORMATION

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Company's financial reporting process.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE SHAREHOLDERS OF
UNIVISION ENGINEERING LIMITED
(Incorporated in Hong Kong with limited liability)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. The report is made solely to the Company's shareholders, as a body, in compliance with the Alternative Investment Market Rules ("AIM Rules") for companies as published by the London Stock Exchange plc, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE SHAREHOLDERS OF
UNIVISION ENGINEERING LIMITED
(Incorporated in Hong Kong with limited liability)

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

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

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

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

USE OF REPORT

This report is made solely to the Company's shareholders, as a body, in compliance with the Alternative Investment Market Rules ("AIM Rules") for companies as published by the London Stock Exchange plc. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's shareholders as a body for this report or for the opinions we have formed.

HKCMCPA Company Limited
Certified Public Accountants

KONG YIN TO
Practising Certificate number P06764

Hong Kong, China
15 August 2018

15th Floor, Aubin House, 171-172 Gloucester Road, Wan Chai, Hong Kong
Tel : (852) 2573 2296 Fax : (852) 3015 3860

<http://www.hkcmcpa.us>

UNIVISION ENGINEERING LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
For the year ended 31 March 2018

	<i>Notes</i>	2018 £	2017 £
Continuing operations			
Revenue	7(a)	5,593,171	4,795,739
Cost of sales	10	<u>(3,775,759)</u>	<u>(3,150,985)</u>
Gross profit		1,817,412	1,644,754
Other income	8	11,312	4,091
Other gain (losses), net	9	19,622	(11,529)
Selling and distribution expenses	10	(124,643)	(133,825)
Administrative expenses	10	(986,853)	(1,051,759)
Finance costs	12	<u>(2,089)</u>	<u>(117)</u>
Profit before income tax		734,761	451,615
Income tax	13	<u>-</u>	<u>-</u>
Profit for the year from continuing operations		734,761	451,615
Discontinued operations			
Loss for the year from discontinued operations		<u>-</u>	<u>(40,723)</u>
Profit for the year		<u>734,761</u>	<u>410,892</u>
Other comprehensive (loss)/income, net of tax			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translate of foreign operations		<u>(779,178)</u>	<u>767,799</u>
Total comprehensive (loss)/income for the year		<u>(44,417)</u>	<u>1,178,691</u>
Profit/(loss) attributable to :			
Equity shareholders of the Company			
Profit from continuing operations		734,761	451,615
Loss from discontinued operations		<u>-</u>	<u>(21,278)</u>
Equity shareholders of the Company		734,761	430,337
Non-controlling interests		<u>-</u>	<u>(19,445)</u>
		<u>734,761</u>	<u>410,892</u>
Total comprehensive (loss)/income for the year attributable to:			
Equity shareholders of the Company			
Total comprehensive (loss)/income from continuing operations		(44,417)	1,219,414
Loss from discontinued operations		<u>-</u>	<u>(21,278)</u>
Equity shareholders of the Company		(44,417)	1,198,136
Non-controlling interests		<u>-</u>	<u>(19,445)</u>
		<u>(44,417)</u>	<u>1,178,691</u>
Earnings per share – Basic and Diluted			
Continuing operations	14	<u>0.19p</u>	<u>0.11p</u>
Discontinued operations	14	<u>-</u>	<u>(0.01)p</u>

UNIVISION ENGINEERING LIMITED
STATEMENT OF FINANCIAL POSITION
As at 31 March 2018

	<i>Notes</i>	2018 £	2017 £
ASSETS			
Non-current assets			
Plant and equipment	16	53,962	50,079
Amounts due from related companies	25	<u>3,075,815</u>	<u>3,613,896</u>
Total non-current assets		<u>3,129,777</u>	<u>3,663,975</u>
Current assets			
Inventories	17	970,625	1,100,058
Trade and other receivables	19	4,328,313	2,903,913
Cash and cash equivalents	20	<u>973,313</u>	<u>1,699,910</u>
Total current assets		<u>6,272,251</u>	<u>5,703,881</u>
Total assets		<u>9,402,028</u>	<u>9,367,856</u>
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	21	<u>3,410,529</u>	<u>3,165,379</u>
Total current liabilities		<u>3,410,529</u>	<u>3,165,379</u>
Non-current liabilities			
Amount due to a related company	25	<u>108,617</u>	<u>123,775</u>
Total liabilities		<u>3,519,146</u>	<u>3,289,154</u>
Equity			
Share capital	23	3,890,257	3,890,257
Reserves		<u>1,992,625</u>	<u>2,188,445</u>
Total equity		<u>5,882,882</u>	<u>6,078,702</u>
Total liabilities and equity		<u>9,402,028</u>	<u>9,367,856</u>

The financial statements on pages 28 to 67 were authorised for issue by the board of directors on 15 August 2018 and were signed on its behalf by:

Stephen Sin Mo KOO, Director

Chun Pan WONG, Director

UNIVISION ENGINEERING LIMITED
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2018

	Attributable to the equity shareholders of the Company							Non-controlling interest	Total equity	
	Share capital	Share premium	Retained earnings	Special capital reserve "A"	Special capital reserve "B"	Statutory surplus reserves	Translation reserve			Sub-total
	£	£ (Note 1)	£	£ (Note 2)	£ (Note 3)	£	£	£	£	
Balance at 1 April 2016	1,697,617	2,192,640	(173,812)	155,876	143,439	19,094	1,125,368	5,160,222	154,080	5,314,302
Comprehensive income:										
Profit or loss	-	-	430,337	-	-	-	-	430,337	(19,445)	410,892
Other comprehensive income:										
Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	718,406	718,406	49,393	767,799
Total other comprehensive income for the year, net of tax	-	-	-	-	-	-	718,406	718,406	49,393	767,799
Total comprehensive income	-	-	430,337	-	-	-	718,406	1,148,743	29,948	1,178,691
Disposal of a subsidiary	-	-	(43,734)	-	-	(19,094)	(13,166)	(75,994)	(184,028)	(260,022)
Dividend paid in respect of 2016 year	-	-	(154,269)	-	-	-	-	(154,269)	-	(154,269)
Transfer from share premium	2,192,640	(2,192,640)	-	-	-	-	-	-	-	-
Total transactions with owners, recognised directly in equity	2,192,640	(2,192,640)	(198,003)	-	-	(19,094)	(13,166)	(230,263)	(184,028)	(414,291)
Balance at 31 March 2017	3,890,257	-	58,522	155,876	143,439	-	1,830,608	6,078,702	-	6,078,702
Comprehensive income:										
Profit or loss	-	-	734,761	-	-	-	-	734,761	-	734,761
Other comprehensive income:										
Exchange difference arising on translation	-	-	-	-	-	-	(779,178)	(779,178)	-	(779,178)
Total other comprehensive income for the year, net of tax	-	-	-	-	-	-	(779,178)	(779,178)	-	(779,178)
Total comprehensive income	-	-	734,761	-	-	-	(779,178)	(44,417)	-	(44,417)
Dividend paid in respect of 2017 year	-	-	(151,403)	-	-	-	-	(151,403)	-	(151,403)
Total transactions with owners, recognised directly in equity	-	-	(151,403)	-	-	-	-	(151,403)	-	(151,403)
Balance at 31 March 2018	3,890,257	-	641,879	155,876	143,439	-	1,051,430	5,882,882	-	5,882,882

The currency translation from Hong Kong Dollars ("HK\$") to the presentation currency of Sterling Pound ("£") used in the financial statements has no impact on the available distributable reserves of the Company at 31 March 2018.

Notes:

1. Share premium

The Company, by resolution reduced the share premium account during the year ended 31 March 2017.

2. Special capital reserve "A"

Pursuant to the Order of the High Court dated 20 November 2004, any future recoveries of the Company's accumulated provision for obsolete inventories and provision for bad debts amounting to HK\$1,935,002 and HK\$3,592,540 respectively will be credited to non-distributable special capital reserve "A" account.

3. Special capital reserve "B"

By a special resolution passed on 30 July 2004 and Order of the High Court dated 20 November 2004, the authorised and issued capital of the Company was reduced from HK\$159,245,000 divided into 31,849 ordinary shares of HK\$5,000 each to HK\$16,405,000 divided into 3,281 ordinary shares of HK\$5,000 each. The reduction of capital was effected by cancellation of 28,568 ordinary shares of HK\$5,000 each in the issued and paid up share capital of the Company. The Company established a non-distributable special capital reserve "B" account into which HK\$2,071,307 was credited as a result of the capital reduction.

UNIVISION ENGINEERING LIMITED
STATEMENT OF CASH FLOWS
For the year ended 31 March 2018

	<i>Notes</i>	2018 £	2017 £
Cash flows from operating activities			
Profit before income tax		734,761	451,615
Adjustments for:			
Interest expense	12	2,089	117
Interest income	8	(2,896)	(4,081)
Depreciation of plant and equipment	16	30,580	22,821
Provision for warranty		9,624	-
Inventory written-off		47,832	22,561
Impairment loss (reversed)/recognised on amounts due from customers for contracts-in-progress		(57,256)	51,028
Impairment loss reversal on doubtful debt		-	(21,201)
Gain on disposal of plant and equipment		(1,444)	-
Gain on disposal of a subsidiary		-	(41,992)
		763,290	480,868
Changes in operating assets and liabilities:			
Increase in inventories		(53,454)	(247,982)
Increase in trade and other receivables		(1,835,504)	(99,937)
Decrease in amounts due from related companies		101,551	6,692
Increase in trade and other payables		663,252	269,404
Net cash (used in)/generated from operations		(360,865)	409,045
Net cash used in discontinued operations		-	(304,889)
Net cash (used in)/generated from operating activities		(360,865)	104,156
Cash flows from investing activities			
Interest received	8	2,896	4,081
Purchase of plant and equipment		(40,364)	(23,822)
Increase in bank deposit		-	3,477
Proceeds from disposal of plant and equipment		577	-
Proceeds from disposal of a subsidiary		-	58,841
Net cash used in discontinued operations		-	(1,679)
Net cash (used in)/generated from investing activities		(36,891)	40,898
Cash flows from financing activities			
Interest paid	12	(2,089)	(117)
Dividend paid to shareholders of the Company	15	(151,403)	(154,269)
Repayment of finance lease liabilities		-	(722)
Advance from a related company		-	123,775
Net cash generated from discontinued operations		-	261,375
Net cash (used in)/generated from financing activities		(153,492)	230,042
Net (decrease)/increase in cash and cash equivalents		(551,248)	375,096
Cash and cash equivalents at beginning of year		1,188,268	654,244
Effect of foreign exchange rate changes on cash and cash equivalents		(112,691)	158,928
Cash and cash equivalents at end of year	20	524,329	1,188,268

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

1. GENERAL

UniVision Engineering Limited (“the Company”) is incorporated in Hong Kong with limited liability and its shares are listed on the Alternative Investment Market of the London Stock Exchange (“AIM”). The address of the registered office is Unit 1A, 2/F., Sunbeam Centre, 27 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong.

The financial statements are presented in Sterling Pound (“£”), which is the presentation currency of the Company.

The Company is mainly engaged in the supply, design, installation and maintenance of closed circuit television and surveillance systems and the sale of security system related products in Hong Kong.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”).

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with IFRSs 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.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 5 to the financial statements.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

(a) New and revised IFRSs that have been issued and effective

The following standards have been adopted by the Company for the first time for the year ended 31 March 2018:

- Amendments to IAS 7 “*Disclosure initiative*”
- Amendments to IAS 12 “*Recognition of deferred tax assets for unrealised losses*”
- Annual improvements to IFRS 2014-2016 cycle “*Amendments to IFRS 12*”

The application of the above amendments to IFRSs and IAS in the current year has had no material impact on the Company’s financial performance and positions for the current and prior years and/or on the disclosures set out in these financial statements.

(b) New and revised IFRSs that have been issued but are not yet effective

The following new and revised IFRSs, potentially relevant to the Company’s operations, have been issued and are mandatory for adoption by the Company for accounting periods beginning on or after 1 January 2018 or later periods. However, the Company has not early adopted them.

- Amendments to IFRS 2 “*Classification and measurement of share-based payment transactions*”¹
- IFRS 9 “*Financial instruments*”¹
- Amendments to IFRS 9 “*Prepayment features with negative compensation*”²
- Amendment to IFRS 10 and IAS 28 (2011) “*Sale or contribution of assets between and investor and its associate or joint venture*”⁴
- IFRS 15 “*Revenue from contracts with customers*”¹
- Amendments to IFRS 15 “*Clarification to IFRS 15 Revenue from contracts with customers*”¹
- IFRS 16 “*Leases*”²
- IFRIC 22 “*Foreign currency transactions and advance consideration*”¹
- IFRIC 23 “*Uncertainty over income tax treatments*”²
- Annual improvements 2014-2016 cycle “*Amendments to IFRS 1 and IAS 28*”¹
- Annual improvements to IFRS 2015-2017 cycle²

The Company has not applied any new or revised IFRSs that are not yet effective for the year ended 31 March 2018.

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2019

³ Effective for annual periods beginning on or after 1 January 2021

⁴ No mandatory effective date yet determined but available for adoption

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (CONTINUED)

(c) The impact of these new and revised IFRSs

The Company is in the process of making an assessment of the impact of these amendments and new standards in the period of initial application. So far the Company has identified some aspects of the new standards which may have a significant impact on the financial statements. Further details of the expected impacts are discussed below.

IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 “*Revenue*”, IAS 11 “*Construction contracts*” and the related interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The directors of the Company anticipate that the application of IFRS 15 in the future may affect the amounts reported and related disclosures. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Company performs a detailed review.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Company. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Company's Executive Director, Mr. Stephen Sin Mo KOO is responsible for allocating resources and assessing performance of the operating segments.

4.2 Foreign currency

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"), which is Hong Kong Dollars ("HK\$"). The financial statements are presented in Sterling Pound ("£"), which is the Company's presentation currency. As the Company is listed on AIM, the directors consider that this presentation is more useful for its current and potential investors.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to cash and bank balances are presented in the statement of profit or loss and other comprehensive income within "finance income or cost". All other foreign exchange gains and losses are presented in the statement of comprehensive income within "administrative expense" or "other income".

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.3 Plant and equipment

Plant and equipment is initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment loss. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.

On disposal of an item of plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over the estimated useful lives as follows:

Furniture and fixtures	3 - 5 years
Computer equipment	2 - 5 years
Motor vehicles	3 years

Fully depreciated plant and equipment is retained in the financial statements until the items are no longer in use and no further charge for depreciation is made in respect of these assets.

The residual values, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment. The effects of any revision are recognised in profit or loss when the changes arise.

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.4 Impairment of assets

The carrying amounts of non-current assets, such as plant and equipment, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the 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 the recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other 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.

4.5 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method and comprises design costs, raw materials, direct labour, other direct costs 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.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.6 Financial instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

4.6.1 Financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of loans and receivables below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.6 Financial instruments (continued)

4.6.1 Financial assets (continued)

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Loans and receivables are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables, the estimated future cash flows of loans and receivables have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of loans and receivables, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the loans and receivables' original effective interest rate.

The carrying amount of loans and receivables is reduced by the impairment loss directly for all loans and receivables with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that, the carrying amount of the loan and receivable at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.6 Financial instruments (continued)

4.6.2 Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities (including trade and other payables) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

Derecognition

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Company derecognises financial liabilities when, and only when, the Company's and Company's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.6 Financial instruments (continued)

4.6.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

4.7 Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of bad and doubtful debts, 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.

4.8 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. Bank overdrafts are shown under current liabilities on the statement of financial position.

4.9 Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

4.10 Share capital

Ordinary shares are classified as equity.

4.11 Dividend distributions

Dividend distributions to the Company's shareholders are recognised as liabilities in the financial statements in the period in which the dividends are approved by the shareholders or directors, where appropriate.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.12 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of activities. Revenue is shown net of rebates and discounts.

The Company recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that future economic will flow to the entity and when specific criteria has been met for each of the activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Company bases the best estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Construction contracts

Revenue from construction contracts is recognised when the outcome of a construction contract can be estimated reliably:

- revenue from a fixed price contract is recognised using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to the estimated total contract costs for the contract; and
- revenue from a cost plus contract is recognised by reference to the recoverable costs incurred during the period plus an appropriate proportion of the total fee, measured by reference to the proportion that costs incurred to date bear to the estimated total costs of the contract.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

(ii) Maintenance contracts

Revenue from maintenance contracts is recognised on a straight line basis over the term of the maintenance contract.

(iii) Product sales

Revenue from product sales is recognised on the transfer of risks and rewards of ownership, which generally coincides with the delivery of goods to customers and the passing of title to customers.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.13 Construction contracts

When the outcome of a construction contract can be estimated reliably, contract costs are recognised as an expense by reference to the stage of completion of the contract at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

Contracts in progress at the end of the reporting period are recorded in the statement of financial position at the net amount of costs incurred plus recognised profit less recognised losses and progress billings, and are presented under the caption of “Trade and other receivables” or “Trade and other payables” in the statement of financial position as the “Amounts due from customers for contracts-in-progress” (as an asset) or the “Amounts due to customers for contracts-in-progress” (as a liability), as applicable. Progress billings not yet paid by the customer are included in the statement of financial position. Amounts received before the related work is performed are included in the statement of financial position, as a liability, as “Advances received”.

4.14 Leases

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

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

4.15 Employee benefit

These comprise short term employee benefits and contributions to defined contribution retirement plans.

Short-term employee benefits, including salaries, annual bonuses, paid annual leave, leave passage, 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.

Contributions to the defined contribution scheme are charged to profit or loss when incurred.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.16 Income tax

Income tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of profit or loss and other comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

4.17 Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Company 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.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.18 Events after the reporting period

Events after the reporting period that provide additional information about the Company at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

4.20 Related parties

- (1) A person, or a close member of that person's family, is related to the Company if that person:
- (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Company or the Company's parent
- (2) An entity is related to the Company if any of the following conditions applies:
- (i) The entity and the Company 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 Company or an entity related to the Company.
 - (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 Company or to the Company'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.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Critical judgements in applying accounting policies

In the process of applying the accounting policies, Management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

(i) Estimation of contract costs

Estimated costs to complete contracts are judged by the Directors through the application of their experience and knowledge of the industry in which the Company operates. However, contract performance can be difficult to predict accurately. The Directors believe that contract budgets do not deviate materially from actual costs incurred due to a strong cost control system with regular reviews of budgets which highlight any incidences that could affect estimated costs to completion.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Impairment of trade and other receivables

The estimation of impairment of trade and other receivables includes an assessment of recoverability of individual account balances and a review of ageing analysis of trade and other receivables by the Directors. The Directors will also review the credit history of customers in assessing the recoverability of trade and other receivables. When any indication comes to their attention that a trade and other receivable might not be recovered in full, impairment will be made and recognised as an expense in the statement of comprehensive income. As at 31 March 2018, the total carrying amount of the Company's trade and other receivables was £7,404,128 (2017: £6,517,809).

(ii) Income taxes

The Company are subject to income tax in Hong Kong. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

As at 31 March 2018, the Company has unused tax losses of £3,591,859 (2017: £4,808,854) available for offset against future profits. A deferred tax asset of £592,657 (2017: £793,461) has not been recognised in respect of the unused tax losses. In cases where there are future profits generated to utilise the tax losses, a material deferred tax asset may arise, which would be recognised in the statement of profit or loss and other comprehensive income for the period in which such future profits are recorded.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	<u>2018</u>	<u>2017</u>
	£	£
Financial assets:		
Loans and receivables		
- Amounts due from related companies	3,075,815	3,613,896
- Trade and other receivables	4,328,313	2,903,913
- Cash and cash equivalents	<u>973,313</u>	<u>1,699,910</u>
Financial liabilities:		
- Trade and other payables	3,410,529	3,165,379
- Amount due to a related company	<u>108,617</u>	<u>123,775</u>

(b) Financial risk management objectives and policies

The Company's major financial instruments include amounts due from related parties, bank and cash, trade and other receivables and trade and other payables. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include currency risk, interest rate risk, credit risk and liquidity risk. The policies on how these risks are mitigated are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

(i) Market risk

(1) Currency risk

The Company has foreign currency transactions and have foreign currency denominated monetary assets and liabilities, which expose the Company to foreign currency risk. The Company has foreign currency transactions, which expose the Company to foreign currency risk.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities, mainly represented by trade and other receivables, cash and bank balances, trade and other payables, at the end of each reporting period are as follows:

	Assets		Liabilities	
	2018	2017	2018	2017
RMB	158,670	264,486	580,222	593,114
USD	78,393	83,104	-	3,057
HKS	<u>4,940,750</u>	<u>4,137,190</u>	<u>2,924,347</u>	<u>2,636,560</u>

The Company currently does not have any policy on hedges of foreign currency risk. However, Management monitors the foreign currency risk exposure and will consider hedging significant foreign currency risk should the need arise.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

6. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(i) Market risk (continued)

(1) Currency risk (continued)

Sensitivity analysis

The following table details the Company's sensitivity to a 5% increase and decrease in Sterling against the relevant foreign currencies and all other variables were held constant. 5% (2017: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2017: 5%) change in foreign currency rates. A positive/(negative) number indicates a decrease/(increase) in post-tax profit/(loss) for the year when Sterling strengthens 5% (2017: 5%) against the relevant foreign currencies. For a 5% (2017: 5%) weakening of Sterling against the relevant currency, there would be an equal but opposite impact on the post-tax profit/(loss) for the year.

	<u>2018</u> £	<u>2017</u> £
RMB		
Post-tax profit/(loss) for the year	<u>22,187</u>	<u>(17,296)</u>
USD		
Post-tax (loss)/profit for the year	<u>(4,126)</u>	<u>4,213</u>
HKS		
Post-tax (loss)/profit for the year	<u>(106,126)</u>	<u>78,981</u>

(2) Interest rate risk

The Company is exposed to fair value interest rate risk in relation to fixed rate bank deposits at fixed rates. The Company is exposed to cash flow interest rate risk due to fluctuation of the prevailing market interest rate on certain bank borrowings which carry at prevailing market interest rates as shown in note 25. The Company currently does not have an interest rate hedging policy. However, Management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises.

The Company's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

6. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(i) Market risk (continued)

(2) Interest rate risk (continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the change in interest rates and the exposure to interest rates for the non-derivative financial liabilities at the end of the reporting period and on the assumption that the amount outstanding at the end of the reporting period was outstanding for the whole year and held constant throughout the financial year. The 25 basis points increase or decrease represents Management's assessment of a reasonably possible change in interest rates over the period until the next fiscal year. The analysis is performed on the same basis for 2017.

For the year ended 31 March 2018, if interest rates had been 25 basis points higher/lower, with all other variables held constant, the Company's post-tax profit for the year would increase/decrease by approximately £1,141 (2017: £0).

(ii) Credit risk

At 31 March 2018, the Company's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statements of financial position.

The Company's credit risk is primarily attributable to its trade and other receivables. In order to minimise the credit risk, Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of its customers' financial position and condition are performed on each and every major customer periodically. 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. Debts are usually due within 90 days from the date of billing. Exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk. At the end of the reporting period, the Company had no significant concentrations of credit risk where individual trade and other receivables balance exceeding 10% of the total trade and other receivables at the end of the reporting period.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. Also, the Company has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Further quantitative disclosures in respect of the Company's exposure to credit risk arising from trade and other receivables are set out in note 19.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

6. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(iii) Liquidity risk

The Company is responsible for its own cash management, including the raising of loans to cover the expected cash demands. In managing liquidity risk, the Company's policy are to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed funding lines from the financial institutions to meet its liquidity requirements in the short and longer term. At 31 March 2018, the Company's banking facilities amounted to £4,797,248 (2017: £0) and the unused facilities were £4,295,457 (2017: £0).

The following table details the contractual maturities of the Company's financial liabilities at the end of each reporting period, which is based on the undiscounted cash flows and the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

	2018					
	Weighted average effective interest rate %	Within 1 year or on Demand £	More than 1 year but less than 2 years £	More than 2 years but less than 5 years £	Total undiscounted cash flow £	Carrying amount at 31 March 2018 £
Non-derivative financial liabilities:						
Trade and other payables	Nil	3,410,529	-	-	3,410,529	3,410,529
Amount due to a related company	Nil	-	108,617	-	108,617	108,617
		<u>3,410,529</u>	<u>108,617</u>	<u>-</u>	<u>3,519,146</u>	<u>3,519,146</u>

	2017					
	Weighted average effective interest rate %	Within 1 year or on demand £	More than 1 year but less than 2 years £	More than 2 years but less than 5 years £	Total undiscounted cash flow £	Carrying Amount at 31 March 2017 £
Non-derivative financial liabilities:						
Trade and other payables	Nil	3,165,379	-	-	3,165,379	3,165,379
Amount due to a related company	Nil	-	123,775	-	123,775	123,775
		<u>3,165,379</u>	<u>123,775</u>	<u>-</u>	<u>3,289,154</u>	<u>3,289,154</u>

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

6. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis. Balances with a subsidiary are unsecured, interest free and have no fixed repayment terms.

The Directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate to their fair values at the end of the reporting period.

(d) Capital risk management

The primary objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company actively and regularly review and manage the capital structure to maintain a balance between the higher shareholder returns that might be possible with a higher level 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 Company monitor its capital structure on the basis of a net debt-to-adjusted capital ratio. For this purpose the net debt is defined as total debt (which includes bank borrowings and other financial liabilities) less bank deposits and cash and cash equivalents. Adjusted capital comprises all components of equity less unaccrued proposed dividends.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

6. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Capital risk management (continued)

The strategy during 2018, which was unchanged from 2017, was to maintain the net debt-to-adjusted capital ratio as low as feasible. In order to maintain or adjust the ratio, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company is not subjected to externally imposed capital requirements.

The net debt-to-adjusted capital ratios of the Company at the end of the reporting period were as follows:

	<u>2018</u> £	<u>2017</u> £
Current liabilities		
Trade and other payables	<u>3,410,529</u>	<u>3,165,379</u>
Non-current liabilities		
Amount due to a related company	<u>108,617</u>	<u>123,775</u>
Total debt	3,519,146	3,289,154
Less: cash and bank balances	<u>973,313</u>	<u>1,699,910</u>
Net debt	<u>2,545,833</u>	<u>1,589,244</u>
Total equity	<u>5,882,882</u>	<u>6,078,702</u>
Net debt-to-adjusted capital ratio	<u>43%</u>	<u>26%</u>

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

7. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker, being the chief executive officer, that are used to make strategic decisions.

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Company has a single reportable operating segment in security and surveillance business for the year ended 31 March 2018.

(a) Segment revenues and results

The following is an analysis of the Company's revenue and results by operating segment:

	<u>2018</u>	<u>2017</u>
	£	£
Segment revenue by major products and services:		
- Construction contracts	4,093,942	3,113,629
- Maintenance contracts	1,296,638	1,400,119
- Product sales	202,591	281,991
Revenue from continuing operations	<u>5,593,171</u>	4,795,739
Revenue from discontinued operations	-	1,818,788
Revenue from external customers	<u><u>5,593,171</u></u>	<u><u>6,614,527</u></u>
From continuing operations:		
Segment profit	736,850	451,732
Finance costs	(2,089)	(117)
Profit before income tax	<u><u>734,761</u></u>	<u><u>451,615</u></u>

(b) Information about major customers

Revenues of approximately £2,737,825 (2017: £2,882,250) are derived from two external customers (2017: two), who contributed to 10% or more of the Company's revenue in 2018 and 2017.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

8. OTHER INCOME

	<u>2018</u> £	<u>2017</u> £
Interest income	2,896	4,081
Sundry income	8,416	10
	<u>11,312</u>	<u>4,091</u>

9. OTHER GAINS/(LOSSES), NET

	<u>2018</u> £	<u>2017</u> £
Foreign exchange gain/(loss)	8,754	(1,133)
Gain on disposal of a subsidiary	-	41,992
Gain on disposal of plant and equipment	1,444	-
Impairment loss reversed/(recognised) on amounts due from customers for contracts-in-progress	57,256	(51,028)
Inventories write-off	(47,832)	(22,561)
Impairment loss reversal on doubtful debt	-	21,201
	<u>19,622</u>	<u>(11,529)</u>

10. EXPENSES BY NATURE

	<u>2018</u> £	<u>2017</u> £
Cost of inventories recognised as expenses	1,558,455	1,151,770
Sub-contracting costs	1,060,199	1,103,954
Depreciation – owned plant and equipment	30,580	22,821
Operating lease charges – minimum lease payments	128,367	28,008
Research and development costs	39,001	80,047
Selling and distribution cost	3,692	127,537
Other expenses	423,678	341,913
Staff costs, including directors' remuneration		
- Wages and salaries	1,555,911	1,396,007
- Pension scheme contributions	64,273	60,075
	<u>1,620,184</u>	<u>1,456,082</u>
Auditor's remuneration		
- audit services	23,099	24,437
Total cost of sales, selling and distribution, administrative expenses	<u>4,887,255</u>	<u>4,336,569</u>

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

11. DIRECTORS' REMUNERATION

Directors' remuneration for the year is as follows:

	Salaries, bonuses and allowances	Pension scheme contributions	2018
	£	£	£
Executive directors			
Stephen Sin Mo KOO	-	-	-
Yip Tak CHAN	61,259	1,732	62,991
Chun Pan WONG	78,790	1,732	80,522
Danny Kwok Fai YIP	60,948	1,732	62,680
	<u>200,997</u>	<u>5,196</u>	<u>206,193</u>
Non-executive director			
Nicholas James LYTH	13,859	-	13,859
	<u>214,856</u>	<u>5,196</u>	<u>220,052</u>

	Salaries, bonuses and allowances	Pension scheme contributions	2017
	£	£	£
Executive directors			
Stephen Sin Mo KOO	-	-	-
Yip Tak CHAN	59,427	1,765	61,192
Chun Pan WONG	75,335	1,765	77,100
Danny Kwok Fai YIP	60,044	1,765	61,809
	<u>194,806</u>	<u>5,295</u>	<u>200,101</u>
Non-executive director			
Nicholas James LYTH	14,122	-	14,122
	<u>208,928</u>	<u>5,295</u>	<u>214,223</u>

12. FINANCE COSTS

	2018	2017
	£	£
Interest expense on bills payable	2,089	-
Finance charge on obligation under finance lease	-	117
	<u>2,089</u>	<u>117</u>

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

13. INCOME TAX IN THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Income tax in the statement of profit or loss and other comprehensive income:

	<u>2018</u>	<u>2017</u>
	£	£
Hong Kong profits tax	-	-

Hong Kong profits tax is charged at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits arising in Hong Kong. No provision for Hong Kong profits tax has been accrued for in the financial statements as the Company has unused tax losses to offset against its taxable profit during the year.

(b) Reconciliation between income tax expense and accounting profit at the applicable tax rates:

	<u>2018</u>	<u>2017</u>
	£	£
Continuing operations:		
Profit before income tax	<u>734,761</u>	<u>451,615</u>
Notional tax on profit before income tax, calculated at the rates applicable to profit in the tax jurisdictions concerned	121,236	74,546
Tax effect of non-taxable income	(11,794)	(10,427)
Tax effect of non-deductible expenses	6,665	25,990
Tax effect of temporary differences not recognised	(5,912)	(4,280)
Utilisation of tax losses brought forward not previously recognised as deferred tax assets	<u>(110,196)</u>	<u>(85,646)</u>
Income tax expense	<u>-</u>	<u>-</u>

14. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to the equity shareholders of the Company for the year of £734,761 from continuing and discontinued operations (2017: £430,337) and the profit for the year of £734,761 (2017: £451,615) from continuing operations, and the weighted average of 383,677,323 (2017: 383,677,323) ordinary shares in issue during the year.

There were no potential dilutive instruments at either financial year end.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

15. DIVIDENDS

- (i) Dividends payable to equity shareholders of the Company attributable to the year:

	<u>2018</u>	<u>2017</u>
	£	£
Final dividend proposed after the reporting period of 0.0389 pence per ordinary share (2017: 0.042 pence per ordinary share)	<u>149,331</u>	<u>162,257</u>

The final dividend proposed after the reporting period has not been recognised as a liability at the end of the reporting period.

- (ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	<u>2018</u>	<u>2017</u>
	£	£
Final dividend in respect of the previous financial year, approved and paid during the year, of 0.042 pence per ordinary share (2017: 0.037 pence per ordinary share)	<u>151,403</u>	<u>154,269</u>

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

16. PLANT AND EQUIPMENT

	Furniture and fixtures	Computer equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 April 2016	29,381	62,823	89,865	182,069
Additions	9,760	14,063	-	23,823
Disposal	(154)	-	(2,960)	(3,114)
Foreign translation difference	4,911	10,157	13,581	28,649
At 31 March 2017	43,898	87,043	100,486	231,427
At 1 April 2017	43,898	87,043	100,486	231,427
Additions	11,350	5,934	23,946	41,230
Disposal	-	-	(23,254)	(23,254)
Foreign translation difference	(6,053)	(11,013)	(35,601)	(52,667)
At 31 March 2018	49,195	81,964	65,577	196,736
Accumulated depreciation				
At 1 April 2016	19,227	47,784	72,429	139,440
Charge for the year	4,110	10,156	8,555	22,821
Disposal	(154)	-	(2,960)	(3,114)
Foreign translation difference	3,097	7,697	11,407	22,201
At 31 March 2017	26,280	65,637	89,431	181,348
At 1 April 2017	26,280	65,637	89,431	181,348
Charge for the year	6,076	11,318	13,186	30,580
Disposal	-	-	(23,254)	(23,254)
Foreign translation difference	(3,580)	(8,713)	(33,607)	(45,900)
At 31 March 2018	28,776	68,242	45,756	142,774
Net book value				
At 31 March 2018	20,419	13,722	19,821	53,962
At 31 March 2017	17,618	21,406	11,055	50,079

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

17. INVENTORIES

	<u>2018</u> £	<u>2017</u> £
Raw materials	300,009	372,872
Finished goods	<u>670,616</u>	<u>727,186</u>
	<u><u>970,625</u></u>	<u><u>1,100,058</u></u>

No provision for obsolete inventories are recognised for the year (2017: £nil) on slow-moving inventories.

Inventory write-off for the year of £47,832 (2017: £22,561) were recorded.

18. CONTRACTS-IN-PROGRESS

	<u>2018</u> £	<u>2017</u> £
Contract costs incurred plus attributable profits less foreseeable losses	27,320,142	26,732,248
Progress billings to date	<u>(26,422,414)</u>	<u>(27,029,019)</u>
	<u><u>897,728</u></u>	<u><u>(296,771)</u></u>
Represented by:		
Amounts due from customers for contracts-in-progress	2,599,665	1,808,935
Less: allowance for doubtful debts	<u>(272,765)</u>	<u>(324,007)</u>
Amounts due from customers for contracts-in-progress, net (note 19)	2,326,900	1,484,928
Amounts due to customers for contracts-in-progress (note 21)	<u>(1,429,172)</u>	<u>(1,781,699)</u>
	<u><u>897,728</u></u>	<u><u>(296,771)</u></u>

At 31 March 2018, no retention receivables from construction customers are included within "trade and other receivables" (2017: £0).

Movements in the allowance for doubtful debts are as follow:

	<u>2018</u> £	<u>2017</u> £
At 1 April	324,007	235,060
Reversal of provision made	<u>(57,256)</u>	51,028
Foreign translation difference	<u>6,014</u>	<u>37,919</u>
At 31 March	<u><u>272,765</u></u>	<u><u>324,007</u></u>

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

19. TRADE AND OTHER RECEIVABLES

		<u>2018</u> £	<u>2017</u> £
Trade receivables		609,599	580,180
Less: allowance for doubtful debts (note 19(a))	(a)	<u>(48,140)</u>	<u>(54,858)</u>
Trade receivables, net (note 19(b))	(b)	561,459	525,322
Other receivables		1,077,495	794,073
Deposits and prepayments		362,459	99,590
Amounts due from customers for contracts-in-progress, net (note 18)		<u>2,326,900</u>	<u>1,484,928</u>
Total carrying amount		<u>4,328,313</u>	<u>2,903,913</u>

All of the trade and other receivables are expected to be recovered within one year.

(a) Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Company is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly. Movements in the allowance for doubtful debts:

	<u>2018</u> £	<u>2017</u> £
At 1 April	54,858	67,089
Reversal of provision made	-	(17,292)
Foreign translation difference	<u>(6,718)</u>	<u>5,061</u>
At 31 March	<u>48,140</u>	<u>54,858</u>

At 31 March 2018, none of trade receivables of the Company are individually determined to be impaired and no impairment loss was provided.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

19. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Trade receivables that are not impaired

The ageing analysis of trade receivables at the end of each reporting period that were past due but not impaired:

	<u>2018</u>	<u>2017</u>
	£	£
0 to 90 days	246,710	354,721
91 to 365 days	305,520	115,074
Over 365 days	<u>9,229</u>	<u>55,527</u>
	<u><u>561,459</u></u>	<u><u>525,322</u></u>

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Company. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Company does not hold any collateral over these balances.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

20. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents

	<u>2018</u>	<u>2017</u>
	£	£
Cash at bank and in hand	524,329	1,188,268
Deposits with banks	<u>448,984</u>	<u>511,642</u>
Less: restricted cash	(c) <u>973,313</u> <u>(448,984)</u>	<u>1,699,910</u> <u>(511,642)</u>
Cash and cash equivalents in the statement of cash flow	<u><u>524,329</u></u>	<u><u>1,188,268</u></u>

(b) Cash and bank balances are denominated in the following currencies:

	<u>2018</u>	<u>2017</u>
	£	£
AUD	346	387
CAD	823	901
GBP	407	96,174
HKD	909,653	1,504,461
JYP	79	86
RMB	60,001	60,374
USD	2,004	37,527

(c) Restricted cash

At 31 March 2018, the balance of £448,984 (2017: £511,642) is restricted as bank deposits with maturities less than three months. Such restricted bank balances were held for the purpose of the issuance of performance bonds in respect of maintenance contracts undertaken by the Company.

The effective interest rate on bank deposits ranged from 0.2% to 3.2% per annum (2017: 0.5%).

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

21. TRADE AND OTHER PAYABLES

		<u>2018</u>	<u>2017</u>
		£	£
<u>Current portion:</u>			
Trade payables	(a)	339,703	126,495
Bills payable	(b)	429,373	-
Due to related parties (note 25(a))		36,599	22,247
Accruals and other payables		1,175,682	1,234,938
Amounts due to customers for contracts-in-progress (note 18)		<u>1,429,172</u>	<u>1,781,699</u>
		<u>3,410,529</u>	<u>3,165,379</u>
<u>Non-current portion:</u>			
Due to a related company (note 25(b))		<u>108,617</u>	<u>123,775</u>
		<u>3,519,146</u>	<u>3,289,154</u>

- (a) All of the trade and other payables are expected to be repaid within one year, other than those respectively disclosed.
- (b) The bills payable carried interest at annual rates at the Hong Kong Best Lending Rate and became repayable within 90 days.

22. INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION

Unrecognised deferred tax assets

At 31 March 2018, the Company had unused tax losses of £3,591,859 (2017: £4,808,854) that were available for offset against future taxable profits. No deferred tax asset has been recognised due to the uncertainty of the future profit streams.

No provision for deferred tax liabilities has been made in the financial statements as the tax effect of temporary differences is immaterial to the Company.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

23. SHARE CAPITAL

	<u>2018</u>	<u>2017</u>
	£	£
Authorised :		
800,000,000 ordinary shares of HK\$0.0625 each	<u>3,669,470</u>	<u>3,669,470</u>
Issued and fully paid:		
383,677,323 ordinary shares	<u>3,890,257</u>	<u>3,890,257</u>

The Company has one class of ordinary shares.

24. EMPLOYEE RETIREMENT BENEFITS

The Company operates a Mandatory Provident Fund scheme (the “MPF scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the MPF scheme vest immediately.

Save as set out above, the Company have no other material obligations to make payments in respect of retirement benefits of the employees.

25. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The remuneration of the key management of the Company during the year was as follows:-

	<u>2018</u>	<u>2017</u>
	£	£
Salaries, bonus and allowances	<u>372,563</u>	<u>273,370</u>

The remuneration of key management personnel comprises the remuneration of Executive Directors and key executives.

Executive Directors include the Executive Chairman, Chief Executive Officer and Finance Director of the Company. The remuneration of the Executive Directors is determined by the Remuneration Committee having regard to the performance of individuals, the overall performance of the Company and market trends. Further information about the Remuneration Committee and the Directors’ remuneration is provided in the Remuneration Report and the Report on Corporate Governance to the Annual Report and note 11 to the financial statements.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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25. RELATED PARTY TRANSACTIONS (CONTINUED)

Key executives include the Director of Operations, Software Development Manager and Sales Manager of the Company. The remuneration of the key executives is determined by the Executive Directors annually having regard to the performance of individuals and market trends.

Biographical information on key management personnel is disclosed in the Directors' and Senior Management's Biographies section of the Annual Report.

Transactions with related parties

- (a) At 31 March 2018, there is a balance of £36,599 (2017: £22,247) due to Mr. Stephen Sin Mo KOO, a Director of the Company, which is unsecured, interest-free and repayable on demand (note 22).
- (b) At 31 March 2018, there is a payable balance of £108,617 (2017: £123,775) due to a shareholder, Univision Holdings Limited, which is unsecured, interest-free and repayable after 12 months.
- (c) At 31 March 2018, there are receivable balances of £3,075,815 (2017: £3,613,896) due from related companies controlled by common shareholders of the Company, which are guaranteed by a shareholder of the Company, interest-free and not expected to be repayable in the next twelve months.

Apart from the transactions disclosed above and elsewhere in the financial statements, the Company had no other material transactions with related parties during the year.

26. COMMITMENTS

- (a) Capital commitments

At 31 March 2018, the Company did not have any material capital commitments outstanding.

- (b) Operating lease commitments

At the end of each reporting period, the total future minimum lease payments under non-cancellable operating leases for the office and warehouse premises are payable as follows:

	<u>2018</u>	<u>2017</u>
	£	£
Within one year	153,729	121,147
Between two to five years	<u>213,253</u>	<u>81,641</u>
	<u>366,982</u>	<u>202,788</u>

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

27. DISCONTINUED OPERATIONS

On 30 March 2016, the Company committed to a plan to dispose of its interest in T-Com, whose assets and liabilities had previously been disclosed as “held for sale” and its operating results were separately disclosed as “discontinued operations”, as follows:

	<u>2018</u>	<u>2017</u>
	£	£
Revenue from discontinued operations	-	1,818,788
Cost of sales	-	(1,467,951)
Gross profit	-	350,837
Other income	-	278
Other gains	-	171
Administrative expenses	-	(392,009)
Loss from discontinued operations	-	(40,723)
Income tax credit	-	-
Loss for the year, net of tax	-	(40,723)

On 20 September 2016, the Company approved to sell its entire interest in the subsidiary to a related party, Mr. Stephen Sin Mo KOO, the Executive Chairman of the Company at a consideration of approximately £59,000 (equal to HK\$600,000) as an arm’s length transaction in the normal course of business. The disposal was completed on 18 October 2016 and the Company recorded a gain on disposal of a subsidiary of £41,992 as a result.

28. BANKING FACILITIES

At 31 March 2018, the banking facilities of the Company were as follows:-

- (a) The revolving trade financing facilities amounted to £724,113 (equal to HK\$8,000,000) and carried annual interest at the Hong Kong Dollars Best Lending Rate with a repayment terms of 90 days. The facilities are subject to the fulfilment of certain covenants relating to its net worth and the loans to its related parties. If the Company is in breach of the covenants, the facilities would become payable on demand. At 31 March 2018, the facilities were utilised to the extent of £429,373 and;
- (b) The revolving term facilities amounted to £4,073,135 (equal to HK\$45,000,000) were secured by floating charges over the bills receivable from its major customer. At 31 March 2018, the facilities were utilised to the extent of £72,418.

The Company regularly monitors its compliance with these covenants. Further details of the Company’s management of liquidity risk are set out in note 6(b)(iii).

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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29. CONTINGENT LIABILITIES

On 10 March 2016, the Company received a writ of summons stating that it is being sued by Nan Ning Hai Li Real Estate Development Limited (“Hai Li”), a prospective investor in respect of breach of contract and/or duty in respect of a share transfer agreement (the “Agreement”) entered into between Hai Li and the Company’s director, Mr. Stephen Sin Mo KOO, on 14 December 2015 and a subsequent series of oral agreements.

On 5 September 2016, Hai Li discontinued the action against the Company’s director, Mr. Stephen Sin Mo KOO and the Company.

In the opinion of directors of the Company, there were no other significant contingent liabilities from pending litigation or legal claims at 31 March 2018.

30. EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed elsewhere in the financial statements,

- (a) on 1 August 2018, the Board of Directors proposed a final dividend. Further details are disclosed in note 15(i); and
- (b) on 27 July 2018, the revolving trade financing facilities of the Company was approved to increase to £1,176,684 (equal to HK\$13,000,000).

31. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 15 August 2018.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 2018 Annual General Meeting (AGM) of UniVision Engineering Limited will be held at UniVision Engineering Limited, Unit 01A, 2/F., Sunbeam Centre, 27 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong, on 20 September 2018 at 5:00 p.m. The following businesses will be transacted then:

As ordinary business:

1. To receive and adopt the Company's audited financial statements for the financial year ended 31 March 2018 together with the Directors' Report and the Independent Auditor's Report;
2. To declare a final dividend for the financial year ended 31 March 2018
3. To re-elect Mr. Nicholas James LYTH who retired by rotation, as a Non-Executive Director of the Company;
4. To re-elect Mr. Chun Pan WONG who retired by rotation, as a Director of the Company;
5. To re-elect Mr. Peter Yip Tak CHAN who retired by rotation, as a Director of the Company;
6. To reappoint auditor HKCMCPA Company Limited, Certified Public Accountants, as auditors of the Company, to hold office from the conclusion of the meeting to the conclusion of the next meeting, during which accounts will be laid before the Company and to authorize the Directors to adjust their remuneration packages;
7. That the directors of the Company be and are hereby generally and unconditionally authorized to exercise all powers of the Company to allot 'Ordinary Shares' the capital of the Company. Such authority (unless and to the extent previously revoked, varied or renewed by the Company during the general meeting) to expire 15 months after the date of the passing of such resolution or on the conclusion of the Company's next AGM to be held, following the date of passing such resolution, whichever occurs first, save that the Company may before such expiry make any offer or agreement which would or might require Ordinary Shares to be allotted after such expiry, and that the Directors may allot Ordinary Shares in pursuance of such an offer or an agreement as if such authority had not expired. This authority substitutes all subsisting authorities to the extent unused.
8. That the directors of the Company be and are hereby generally and unconditionally authorized to exercise all powers of the Company to repurchase the 'Ordinary Shares' in the capital of the Company, including any form of depositary receipt. Such authority (unless and to the extent previously revoked, varied or renewed by the Company during the general meeting) to expire 15 months after the date of the passing of such resolution or on the conclusion of the Company's next AGM to be held, following the date of passing such resolution, whichever occurs first, save that the Company may before such expiry make any offer or agreement which would or might require Ordinary Shares to be repurchased after such expiry, and that the Directors may buy back Ordinary Shares in pursuance of such an offer or an agreement as if such authority had not expired.

NOTICE OF ANNUAL GENERAL MEETING

By Order of the Board
Mr. Stephen Sin Mo KOO
Executive Chairman

15 August 2018

Registered office:
Unit 01A, 2/F Sunbeam Centre,
27 Shing Yip Street
Kwun Tong, Kowloon,
Hong Kong.

NOTES:

1. Only holders of Ordinary Shares, or their duly appointed representatives, are entitled to attend and vote at the Annual General Meeting. A member so entitled may appoint one or more proxies (whether they are members or not) to attend and, on a poll, to vote in place of the member.
2. A form of proxy is enclosed with this notice. To be valid, the form of proxy and any power of attorney or other authority (if any) under which it is signed, or a notarized and certified copy of that power of authority, must be lodged with the Company's registrars, c/o Computershare Investor Services Plc., The Pavilions, Bridgwater Road, Bristol BS99 6ZY, not less than 48 hours before the Annual General Meeting takes place.
3. Completion and return of a proxy does not preclude a member from attending and voting at the Annual General Meeting.
4. The Company pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 specifies that only those shareholders registered in the Register of Members of the Company as of 14 September 2018 are entitled to attend or vote at the Annual General Meeting in respect to the number of shares registered in their name at that time. Changes to entries on the Register after that time will be disregarded when determining the rights of any person to attend or vote in the Annual General Meeting.