

UniVision Engineering Limited



Annual Report
Year ended 31 March 2019

UNIVISION ENGINEERING LIMITED
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Year ended 31 March 2019

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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*
Ivor Colin SHRAGO, *Non-Executive Director*
Mike Chiu Wah CHAN, *Director of Operation*

Senior Management

Ivan Chi Hung CHAN, *Sales Manager*
Wai Chung LAM, *Software Development Manager*

Audit Committee

Nicholas James LYTH, *Chairman*
Ivor Colin SHRAGO
Stephen Sin Mo KOO

Remuneration Committee

Ivor Colin SHRAGO, *Chairman*
Nicholas James LYTH
Stephen Sin Mo KOO

AIM Stock Code

UVEL

Company Secretary

Danny Kwok Fai YIP

Registered Office

Unit 201, 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

PKF Hong Kong Limited
Certified Public Accountants
26/F., Citicorp Centre,
18 Whitfield Road,
Causeway Bay, 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

On behalf of the Board of Directors (the "Board"), I am delighted to report that profit before tax has increased by 135% to £1.73m for the financial year ended 31 March 2019, compared to £0.74m for the last financial year. Earnings per share has also jumped by 137% to 0.45p for this reporting period (2018: 0.19p).

The increase in profit was due primarily to the expected significant increase in revenue of 153% to £14.2m (2018: £5.6m), underpinned by the key, full year contribution from the Replacement of CCTV Systems Project ("the MTRC Contract") awarded by MTR Corporation ("MTRC") of Hong Kong in 2017.

As a result of this positive profit contribution presented above, the Company's total equity attributable to shareholders stood at £7.92m as at 31 March 2019 (As at 31 March 2018: £5.88m).

Given the strength of these results, and in keeping with our recent dividend strategy, the Board has declared a final dividend of 0.55 HK cents per share, representing an increase of 28% for the financial year ended 31 March 2019 (2018: 0.43 HK cents).

The current protests against anti-extradition bill in Hong Kong may appear to be a cause for concern and affect current work in progress at certain locations in the past couple of months. However, the long term effects of these protests may result in more opportunity for the Company as MTRC, Electrical and Mechanical Services Department ("EMSD"), and the Hong Kong Police Force are expected to make additional orders, or look to invest additional funds to provide enhanced security and surveillance, such as installation of additional cameras and also facial recognition technology, to help protect its premises, infrastructure and citizens respectively.

Therefore, I am optimistic about future prospects of the Company.

In the remainder of this report, I shall go into further details of our order book relating to the MTRC Contract, financial review, business review, and end with prospect statement.

THE MAJOR CONTRACT WITH MTRC

As announced in May 2017, UniVision was awarded a contract valued at HK\$389.4m (£38.1m) from MTRC. The contract provides for the replacement works of the Closed-Circuit Television (CCTV) systems for numerous MTRC railway lines. The Company is responsible for replacing the existing analogue CCTV system installed in the stations along the specified lines by a new Internet Protocol-based, digital CCTV system. With subsequent add-ons amounting to HK\$17.9m, the total value of the MTRC Contract now equals to HK\$407.3m. The MTRC Contract is expected to be completed by November 2023.

Up to the financial year ended 31 March 2019, UniVision has invoiced a total of approximately HK\$90m leaving a further order book of HK\$317.3m to be billed over the next four and half years. Note that, the MTRC Contract allows for monthly billing on work completed and certified. The MTRC Contract also allows for variation of orders and the Board expects that UniVision may receive additional orders in the next financial period and future.

To make the MTRC Contract profitable to our shareholders, the Company is continuously working with its suppliers and sub-contractors to ensure that we get favourable supply and credit terms. The Board also closely monitors UniVision's working capital to be certain that we have adequate financial resources to drive the project to completion.

CHAIRMAN'S STATEMENT (Continued)

FINANCIAL REVIEW

Highlights of Profit and Loss Statement are:

- As expected, revenue surged by 154% to £14.2m in the reporting period (2018: £5.6m). This revenue growth mainly came from contributions of construction contracts that increased by 206% as compared with last year. The majority of this significant increase came from the MTRC Replacement of CCTV Systems.
- In the reporting period, other construction contracts include Liangtang Traffic Control and Surveillance System Project, Hong Kong-Zhuhai-Macao Bridge Project, and Central Wanchai Bypass Project also contributed to the increment.
- Other construction contracts, including the installation, relocation, modification and replacement works that provided to MTRC also contributed to significant income, for example, the contract for MTRC Replacement of Network & Time Synchronization System.
- Contribution from maintenance contracts were up by 10%, compared to the year before. The increase in maintenance contracts was mainly due to the wider scope in the services provided in the three-year maintenance contract with MTRC, started on 1 January 2018, which mitigated the effect of the lower revenue for maintenance work on the MTRC's CCTV replacement project.
- The gross profit increased by 76% to £3.2m in the reporting period (2018: £1.8m), however, our gross margin was 22.5% which was lower than that of last reporting period (2018: 32.5%). The main reason for the decrease in gross profit margin was due to more work on lower margin construction contracts, and increases in costs relating to subcontracting charges and additional engineers working directly on construction contracts. The Company is working hard to minimise these cost increases and is working closely with its suppliers to retain its competitive edge.
- Our operating expenses were mainly due to administration expenses. For the year, administrative expenses increased by 31.4% to £1.3m (2018: £0.98m), attributable to increase in staff costs. The number of staff has increased from 56 to 67 during the reporting period.
- As a result of higher gross profit and better control of operating expenses, our profit before tax increased substantially by 135% to £1.73m in the reporting period (2018: £0.73m).
- The Company has unused tax loss to offset the taxable profit for the year, and hence I am delighted to report that the profit attributable to the shareholders of the Company also increased by 135% to £1.73m for the financial year ended 31 March 2019, compared to £0.74m for the last financial year.
- As a result of the surge in profit attributable to shareholders, basic earnings per share jumped by 137% to 0.45p for this reporting financial year (2018: 0.19p).

CHAIRMAN'S STATEMENT (Continued)

On the Balance Sheet, the highlights are:

- Trade and other receivables decreased to £2.27m as at 31 March 2019, from £4.33m as at 31 March 2018, due to better debt collection from customers
- Cash and cash equivalents stood at £1.75m as at 31 March 2019 (2018: £0.97m), representing an increase of £0.78m
- Total equity attributable to shareholders stood at £7.92m as at 31 March 2019 (As at 31 March 2018: £5.88m), or an increase of £2.04m

On the Cash Flow, the highlights are:

- The Company generated positive cash flow from operations of £0.81m in the reporting period (2018: negative £0.36m)
- The Board attributes this to closer monitoring and effective control of working capital and more efficient use of our banking facilities.
- There were no significant capital investments during the reporting year

During the year under review, a relative strengthening in the HK\$ at the year-end has led to a 7% appreciation in the GBP reporting amount in the Statement of Financial Position. It led to the significant non-cash other comprehensive gain of £0.46m (2018: loss £0.78m) on exchange differences arising on translation of foreign operations.

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

On the strength of these results, the Board has proposed the payment of a final dividend of 0.55 HK cents (gross) per share for the financial year ended 31 March 2019 (2018: 0.43 HK cents), an increase of 28%. Dividend timetable is as follows:

Ex date:	12 September 2019
Record date:	13 September 2019
Payment date:	10 October 2019

Payment of the dividend is subject to the approval by the shareholders at the upcoming Annual General Meeting.

CHAIRMAN'S STATEMENT (Continued)

BUSINESS REVIEW

I wish to turn your attention to some of the key takeaways on our addressable market segments, business environment in which we operate, our customer base, and the management go-to-market strategy for the next reporting period.

Addressable Market Segments

According to the Market Research Report by *Mordor Intelligence: Video Surveillance System Market-Growth, Trends, and Forecast (2019 - 2024)*, the global video surveillance system market was valued at USD 40.37 billion in 2018, and is expected to reach a value of USD 95.98 billion by 2024, recording a CAGR of 15.53% over the forecast period (2019 - 2024). So, our addressable market segment should undergo a healthy growth period.

The growth of the video surveillance market is expected to be fuelled by the introduction of new IP-based digital technologies, which the Company sees happening around the region, and is currently gaining traction in the Hong Kong market. We see digital cameras and computer vision software applications being channelled to help detect and prevent undesirable behaviour, such as shoplifting, thefts, fraudulent transactions, vandalism, and terror attacks.

Globally, the drive to enhance safety and security across different industries is adding significantly to this potential growth. The commercial sector is expected to show the largest market share during the forecast period. Growing focus on infrastructure protection, public safety and increasing demand for high resolution imaging are other key factors driving the market.

The Board regards the increasing demand for networking and wireless infrastructure (such as IP, 4G and 5G) as the key growth driver for the market. The MTRC contract, which entails replacement of analogue cameras with IP-based ones, is an excellent example of this trend.

Since the Company has won the MTRC Contract, a logical next step would be adding video analytics, such as facial recognition. This technology is being enhanced rapidly and UniVision is in a very favourable position to participate effectively in this market. To illustrate this point, our new contract for supply and installation of the video analytic monitoring system at Tai Tam Correctional Institution that was awarded in June 2019, is a good example.

Business Environment

The recent protests against anti-extradition bill have seriously affected the business environment in Hong Kong. Violent clashes between radical protestors and police have broken out in recent weeks as I write this report. Doubtlessly, it will have adverse effects on the Hong Kong economy, particularly in the retail and tourism sectors. Politics aside, the ongoing protests do offer a business opportunity for the Company. Violence at MTR stations, police stations, and the airport, as well as against infrastructure, highlights the importance of public safety and security. The demand for upgrades the video surveillance system, such as facial recognition capabilities, is rising. Additional work orders for replacement of damaged CCTV equipment caused by vandalism are also likely to come through in due course.

CHAIRMAN'S STATEMENT (Continued)

Customer base

MTRC was the Company's largest customer this financial year, representing 84% of the Company's total revenue. In addition, EMSD and other commercial clients are also parts of our customer base.

The MTRC Contract has led to a significant equipment purchase and construction workload, which required UniVision to have adequate working capital, according to the financial assessment conducted by the Hong Kong Government - Works Branch. The technical shortfall in working capital in the 2017 financial test was rectified post the year end. Since UniVision is still in compliance with the technical and management criteria for the retention under the category of Approved Specialist Contractors for Public Works: Video Electronics Installation. UniVision's suspension from tendering for new public works contracts was lifted in May 2019. However, working capital remains our Company's top priority as the business grows.

UniVision is currently operating close to full capacity. Nevertheless, UniVision will continue to tender for certain government contracts to diversify our customer base and grow the business where we can make use of sub-contractors where we deem this appropriate.

Our Strategy

Given the above market, business opportunities, and customer base analysis, I see three key future objectives:

- **Financial:** To deliver the MTRC Contract and other potential large-scale projects profitably, the Company is now seeking suitable subcontracting partner(s) with financial strength. This is to minimise the risks associated with working capital for such sizeable contracts. The Board considers this outreach both desirable and prudent for the Company's further growth in the market.
- **Technology:** The Company sees the need to acquire skills and training in networking and wireless technology area and software skills for video analytics and facial recognition applications, to help providing customisation and localisation for our clients. We will also embrace vendors in these technology areas to help us win further contracts.
- **People:** In facing the high demand for large-scale CCTV replacement projects, the Company will look to strengthen our sales & marketing activities, as well as bringing key project managers with technical skills to help us delivering new contracts.

CHAIRMAN'S STATEMENT (Continued)

PROSPECTS

2019 marks the 40th anniversary of UniVision's incorporation in Hong Kong. It is a milestone that signifies the Company's longevity in the security and surveillance business. The Group's core competency relies on our UniVision's brand name; and its dedicated, experienced, and productive people.

The Board expects that high demand in security and surveillance market will provide the ground and stimulus for the Company to grow. Given our sizable order book, especially the MTRC Contract, the Company will derive revenue growth in the next few reporting periods, but need to manage our delivery carefully, by controlling costs to generate profits attributable to shareholders. Barring unforeseen circumstances, the Board expects another year of growth ahead and the year has started well and broadly in line with management's expectations.

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 our staff for their contribution.

MR. STEPHEN SIN MO KOO
EXECUTIVE CHAIRMAN

4 September 2019

DIRECTORS AND SENIOR MANAGEMENT'S BIOGRAPHIES

DIRECTORS' BIOGRAPHIES

Nicholas James LYTH – Non-executive Director (aged 53)

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. He is responsible for day to day liaison with UK investors for UniVision. Mr. Lyth is the Chairman of the Audit Committee and a member of the Remuneration Committee.

Stephen Sin Mo KOO – Executive Chairman (aged 62)

Mr. Koo joined UniVision in 1998 and was appointed as a Director on 3 March 2003. He is responsible for overall strategic planning of the Company. 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 Company'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 59)

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 55)

Mr. Yip was appointed as Finance Director on 18 September 2007. He was the Financial Controller for the Company 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 Company.

Peter Yip Tak CHAN – Director of Sales and Marketing (aged 55)

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.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

(Continued)

Ivor Colin SHRAGO – Non-executive Director (aged 76)

Mr. Shrago was admitted as solicitor to the Supreme Court of England and Wales in 1966 and to the Supreme Court of Hong Kong in 1997. He has more than 40 years' experience practising law. In 1996, he was the General Counsel to Peregrine Direct Investments Limited, the investment arm of the Peregrine Banking Group in Hong Kong, which was primarily involved in fund management. He then joined the asset management arm of Vigers Asset Management Limited as managing director, while at the same time acting as general counsel for the group. In 2002, Ivor joined Druces LLP (formerly Druces & Attlee) and was Partner until 2007. Since that time he has been a consultant with a number of city law firms and has been a non-executive director of a number of AIM quoted and other public companies. Mr. Shrago was appointed as a non-executive director on 27 September 2018 and is the Chairman of the Remuneration Committee and a member of the Audit Committee.

Mike Chiu Wah CHAN – Director of Operations (aged 44)

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 and was appointed as a director on 21 September 2018. 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.

SENIOR MANAGEMENT'S BRIEF BIOGRAPHIES

Wai Chung LAM – Software Development Manager (aged 50)

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 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 44)

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 some 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 2019.

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 Company's performance by business segments is set out in note 7 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 2019 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 2019 are set out in the Company's statement of changes in equity on page 30.

The Company's cash flow for the year ended 31 March 2019 is set out in the Company's statement of cash flows on page 31.

DIRECTORS' REPORT

(Continued)

Key Performance Indicators (KPI)

		<u>2019</u>	<u>2018</u>
Current Ratio:	Current Assets / Current Liabilities	2.4	1.8
Average Collection Period :	Trade receivables (net of allowance for doubtful debts) / Revenue per day	20 days	37 days
Inventory Turnover :	Cost of revenue / Inventories	17.2	3.9
Gross profit Margin :	Gross profit / Revenue	23%	32%
Return on Invested Capital :	Operating profit/Net assets	22%	12%
Quick Ratio :	(Current Assets –Inventories)/ Current Liabilities	2.2	1.6

Share Capital and Reserves

Details of the movements in share capital are set out in note 24 on page 60.
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 0.55 HK cents (gross) per share for the financial year ended 31 March 2019.

Plant and Equipment

Details of the movements in plant and equipment are set out in note 16 on page 55.

DIRECTORS' REPORT

(Continued)

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
Mike Chiu Wah CHAN - appointed on 21 September 2018
Ivor Colin SHRAGO - appointed on 27 September 2018

Mr. Stephen Sin Mo KOO, Mr. Nicholas James LYTH, Mr. Ivor Colin SHRAGO and Mr. Danny Kwok Fai YIP 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 or its holding company 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 2019

Stephen Sin Mo KOO	279,703,700*
Nicholas James LYTH	1,200,000
Chun Pan WONG	-
Danny Kwok Fai YIP	-
Peter Yip Tak CHAN	-
Mike Chiu Wah CHAN	-
Ivor Colin SHRAGO	5,315,000

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 27 August 2019, 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
JIM Nominees Limited JARVIS	18,517,064	4.8
Hargreaves Lansdown (Nominees) Limited 15942	15,818,270	4.1
Hargreaves Lansdown (Nominees) Limited VRA	13,761,280	3.5

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.

Payments to Creditors

The Group does not follow any code or standard on payment practice but instead the Company's policy is to pay all creditors in accordance with agreed terms of business.

Political and Charitable Donations

During the year the Company made Nil charitable contributions (2018: Nil). 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 201, 2/F Sunbeam Centre, 27 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong, on 30 September 2019 at 5:00 p.m. The Notice of Meeting appears on page 64.

Annual Report

The annual report for the year ended 31 March 2019 will be uploaded on the Company's website www.uvel.com on 4 September 2019 upon announcement and the hard copy will be sent to shareholders by our Registrars, Computershare Investor Services (Jersey) Limited.

DIRECTORS' REPORT

(Continued)

Auditor

PKF Hong Kong Limited, Certified Public Accountants, was appointed as our auditor for the year. A resolution to re-appoint PKF Hong Kong 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

4 September 2019

REMUNERATION REPORT

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

Membership of Remuneration Committee

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

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 Company 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 £	2019 Total £	2018 Total £
Executive Directors					
Stephen Sin Mo KOO	-	-	-	-	-
Chun Pan WONG	84,968	1,743	16,084	102,795	80,522
Danny Kwok Fai YIP	59,478	1,743	8,322	69,543	62,680
Peter Yip Tak CHAN	59,763	1,743	11,313	72,819	62,971
Mike Chiu Wah CHAN	30,060	1,017	10,664	41,741	-
Non-executive Directors					
Nicholas James LYTH	13,941	-	1,743	15,684	13,859
Ivor Colin SHRAGO	7,126	-	-	7,126	-

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. Changes to AIM rules on 30 March 2018 required AIM companies to apply a recognised corporate governance code from 28 September 2018. The Company has chosen to adhere to the Quoted Company Alliance's ("QCA") Corporate Governance Code to meet the new requirements of AIM Rule 26. It is the commitment of the Board to manage the Company's and Group'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 Board has disclosed the Corporate Governance Statement on its website how the Company complies with the 10 principles of the QCA Code. 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 QCA Code requires that the boards of AIM companies have an appropriate balance between executive and non-executive directors. During the period under review, the Company has strengthened the board and has satisfied this requirement by appointing Mr. Ivor Colin SHRAGO as independent non-executive director.

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.

REPORT ON CORPORATE GOVERNANCE

(Continued)

Audit Committee

Our Audit Committee comprises Mr. Nicholas James LYTH (our Non-executive Director), Mr. Ivor Colin SHRAGO (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 year.

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. Ivor Colin SHRAGO (our Non-executive Director), Mr. Nicholas James LYTH (our Non-executive Director) and Mr. Stephen Sin Mo KOO (our Executive Chairman) and is chaired by Mr. Ivor Colin SHRAGO. 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.

REPORT ON CORPORATE GOVERNANCE

(Continued)

Internal Control

The Board of Directors is responsible for ensuring that the Company maintains an internal financial control system with appropriate monitoring procedures for all Group companies. The purpose of this system is to safeguard Company assets, maintain proper accounting records, and ensure that reliable financial information is used within the Group 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 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 Group. This decision will be kept under review.

Going Concern

After making appropriate enquiries, the Directors have a reasonable expectation that the Company and the Group have 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 and Group'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 Group'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 Group and 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 Group'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.



大信梁學濂（香港）會計師事務所有限公司

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威非路道18號
萬國寶通中心26樓

Independent auditor's report
To the members 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 63, which comprise the statement of financial position as at 31 March 2019, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”).

Basis for 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 Financial Statements” section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (the “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
To the members 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 year. 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.

Revenue recognition on service contracts from supply, design and installation of closed circuit television and surveillance systems

Key audit matter

We identified the revenue recognition on service contracts from the supply, design and installation of closed circuit television and surveillance systems as a key audit matter due to the significant judgments exercised by the management in determining the total contract costs and contract costs incurred for work performed to date.

As set out in note 4 to the financial statements, the Company recognises service revenue by reference to the progress towards complete satisfaction of the relevant performance obligation using input method, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. This revenue recognition involves a significant degree of management estimates and judgement, with estimates being made to assess the total contract costs and stage of completion of the contract.

As disclosed in note 7 to the financial statements, the Company recorded revenue from the provision of construction works of £12,635,262 for the year ended 31 March 2019.

How our audit addressed the key audit matter

Our procedures in relation to the Company's revenue recognition on service contracts included:

- Understood the management's process relating to the estimation of total contract costs and recording of costs;
- Obtained an understanding from the Company's project team about the contract terms, performance and status of selected contracts to evaluate the reasonableness of the basis of estimation of the total contract costs, and contract costs incurred for work performed to date;
- Performed comparisons between the percentage of completion and the percentage of progress billing on selected contracts to identify and investigate any significant differences by obtaining an understanding from project team and checking correspondence with customers of the Company; and
- Checked the progress billings, on a sample basis, to invoices issued and checked contract costs incurred, on a sample basis, to invoices received and human resources record respectively.

Independent auditor’s report
To the members of
UniVision Engineering Limited
(Incorporated in Hong Kong with limited liability)

Key Audit Matters (Continued)

Estimated provision of expected credit losses (“ECL”) for receivables measured at amortised cost and contract assets

Key audit matter

We identified the estimated provision of ECL for receivables measured at amortised cost and contract assets as a key audit matter due to the significance of these assets to the Company’s financial statements and the involvement of subjective judgement and management estimates in evaluating the ECL.

As at 31 March 2019, the Company’s trade receivables, other receivables, contract assets and amounts due from related companies are £796,786, £1,267,203, £3,576,824 and £3,322,882 respectively.

How our audit addressed the key audit matter

Our procedures in relation to estimated provision of ECL for receivables measured at amortised cost and contract assets included:

- Understood and assessed the effectiveness of related key internal control design in relation to the credit approval and impairment loss allowances;
- Assessed the recoverability of a sample of outstanding balances by reviewing the historical patterns of receipts, customers’ ability to repay and ageing analyses, arranging circularisation and assessing cash received subsequent to year end;
- Assessed management’s provision policy for ECL on receivables and contract assets by selecting samples and:
 - noting the historical repayment patterns;
 - assessing cash received subsequent to year end;
 - evaluating the plans for recovering the outstanding balances, such as realisation of the pledged assets and enforcement of guarantees;
 - questioning management’s knowledge of future conditions that may impact the expected customer receipts;
 - reviewing and verifying the ageing analyses and the related provisions; and
 - performing overall analytics on the reasonableness of the impairment provisions.

Independent auditor's report
To the members of
UniVision Engineering Limited
(Incorporated in Hong Kong with limited liability)

Other Information

The directors are responsible for the other information which comprises the information included in the Company's annual report for the year ended 31 March 2019 other than 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 are responsible for the preparation of 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
To the members 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement 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 skepticism 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 director's 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.
- 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.

Independent auditor's report
To the members of
UniVision Engineering Limited
(Incorporated in Hong Kong with limited liability)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

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 members, 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 members 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 members as a body, for our audit work, for this report or for the opinion we have formed.

PKF Hong Kong Limited
Certified Public Accountants
Hong Kong

LAM Kar Bo
Practising Certificate number P05453

Hong Kong, China
4 September 2019

UNIVISION ENGINEERING LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 March 2019

	<i>Notes</i>	2019 £	2018 £
Revenue	<i>7(a)</i>	14,221,497	5,593,171
Cost of revenue	<i>10</i>	(11,018,631)	<u>(3,775,759)</u>
Gross profit		3,202,866	1,817,412
Other income	<i>8</i>	4,141	11,312
Other (losses)/gains, net	<i>9</i>	(70,660)	19,622
Selling and distribution expenses	<i>10</i>	(55,320)	(124,643)
Administrative expenses	<i>10</i>	(1,296,672)	(986,853)
Finance costs	<i>12</i>	(55,409)	<u>(2,089)</u>
Profit before income tax		1,728,946	734,761
Income tax	<i>13</i>	<u>-</u>	<u>-</u>
Profit for the year		<u>1,728,946</u>	<u>734,761</u>
Other comprehensive income/(loss), net of tax			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements		<u>466,240</u>	<u>(779,178)</u>
Total comprehensive income/(loss) for the year		<u>2,195,186</u>	<u>(44,417)</u>
Earnings per share – Basic and Diluted	<i>14</i>	<u>0.45p</u>	<u>0.19p</u>

UNIVISION ENGINEERING LIMITED
STATEMENT OF FINANCIAL POSITION
As at 31 March 2019

	<i>Notes</i>	2019	2018
		£	£
ASSETS			
Non-current assets			
Plant and equipment	<i>16</i>	143,146	53,962
Amounts due from related companies	<i>26</i>	3,322,882	3,075,815
Prepayments		96,086	-
Total non-current assets		3,562,114	3,129,777
Current assets			
Inventories	<i>17</i>	642,375	970,625
Trade and other receivables	<i>19</i>	2,274,267	4,328,313
Contract assets	<i>20</i>	3,576,824	-
Cash and bank balances	<i>21</i>	1,750,056	973,313
Total current assets		8,243,522	6,272,251
Total assets		11,805,636	9,402,028
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	<i>22</i>	2,521,122	3,410,529
Contract liabilities	<i>23</i>	956,616	-
Total current liabilities		3,477,738	3,410,529
Non-current liabilities			
Amount due to a related company	<i>22</i>	409,556	108,617
Total liabilities		3,887,294	3,519,146
Capital and reserves			
Share capital	<i>24</i>	3,890,257	3,890,257
Reserves		4,028,085	1,992,625
Total equity		7,918,342	5,882,882
Total liabilities and equity		11,805,636	9,402,028

The financial statements on pages 28 to 63 were authorised for issue by the board of directors on 4 September 2019 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 2019

	<i>Share capital</i> £	<i>Retained earnings</i> £	<i>Special capital reserve "A"</i> £ <i>(Note 1)</i>	<i>Special capital reserve "B"</i> £ <i>(Note 2)</i>	<i>Translation reserve</i> £	<i>Total</i> £
Balance at 1 April 2017	3,890,257	58,522	155,876	143,439	1,830,608	6,078,702
Profit for the year	-	734,761	-	-	-	734,761
Other comprehensive loss, net of tax						
Exchange difference arising on translation of financial statements	-	-	-	-	(779,178)	(779,178)
Total comprehensive income	-	734,761	-	-	(779,178)	(44,417)
Dividend paid in respect of year 2017 (Note 15)	-	(151,403)	-	-	-	(151,403)
Total transactions with owners, recognised directly in equity	-	(151,403)	-	-	-	(151,403)
Balance at 31 March 2018	3,890,257	641,880	155,876	143,439	1,051,430	5,882,882
Profit for the year	-	1,728,946	-	-	-	1,728,946
Other comprehensive income, net of tax						
Exchange difference arising on translation of financial statements	-	-	-	-	466,240	466,240
Total comprehensive income	-	1,728,946	-	-	466,240	2,195,186
Dividend paid in respect of year 2018 (Note 15)	-	(159,726)	-	-	-	(159,726)
Total transactions with owners, recognised directly in equity	-	(159,726)	-	-	-	(159,726)
Balance at 31 March 2019	3,890,257	2,211,100	155,876	143,439	1,517,670	7,918,342

The currency translation from Hong Kong dollar to the presentation currency of Sterling Pound of these financial statements has no impact on the available distributable reserves of the Company as at 31 March 2019.

Notes:

1. 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.

2. Special capital reserve "B"

By a special resolution passed on 30 July 2004 and pursuant to the 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 2019

	<i>Notes</i>	2019	2018
		£	£
Cash flows from operating activities			
Profit before income tax		1,728,946	734,761
Adjustments for:			
Interest expense	12	55,409	2,089
Interest income	8	(3,947)	(2,896)
Depreciation of plant and equipment	16	47,318	30,580
Provision for warranty		(9,681)	9,624
Inventories written-off		50,457	47,832
Impairment loss reversed on amounts due from customers for contracts-in-progress		-	(57,256)
Loss/(gain) on disposal of plant and equipment		128	(1,444)
		<hr/>	<hr/>
Operating cash flows before working capital changes		1,868,630	763,290
Changes in operating assets and liabilities:			
Prepayments		(95,397)	-
Inventories		349,960	(53,454)
Trade and other receivables		44,735	(1,835,504)
Contract assets		(1,062,323)	-
Amounts due from related companies		(9,154)	101,551
Trade and other payables		293,977	663,252
Contract liabilities		(578,893)	-
		<hr/>	<hr/>
Net cash generated from/(used in) operating activities		811,535	(360,865)
Cash flows from investing activities			
Interest received	8	3,947	2,896
Purchase of plant and equipment		(131,857)	(40,364)
Proceeds from disposal of plant and equipment		10	577
		<hr/>	<hr/>
Net cash used in investing activities		(127,900)	(36,891)
Cash flows from financing activities			
Interest paid	12	(55,409)	(2,089)
Dividend paid to shareholders of the Company	15	(159,726)	(151,403)
Advances from a related company	27	290,444	-
		<hr/>	<hr/>
Net cash generated from/(used in) financing activities		75,309	(153,492)
Net increase/(decrease) in cash and cash equivalents		758,944	(551,248)
Cash and cash equivalents at beginning of year		524,329	1,188,268
Effect of foreign exchange rate changes, net		28,938	(112,691)
		<hr/>	<hr/>
Cash and cash equivalents at end of year	21	1,312,211	524,329
		<hr/> <hr/>	<hr/> <hr/>

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

1. GENERAL INFORMATION

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 Company’s registered office is Unit 201, 2/F., Sunbeam Centre, 27 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong.

These 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

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board. The measurement basis used in the preparation of these 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 key sources of estimation uncertainty are discussed in note 5 to the financial statements.

3. APPLICATION OF NEW AND REVISED IFRSs

(a) Initial application of IFRSs

In the current year, the Company initially applied the following IFRSs:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IFRIC 22	Foreign Currency Transactions and Advance Consideration
Amendments to IAS 40	Transfers of Investment Property
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Annual Improvements (2014-2016)	Amendments to IFRS 1 and IAS 28

The new and amendments to IFRSs have been applied in accordance with the relevant transition provisions in the respective standards. Except as described below, there are no other changes in the Company’s accounting policies, amounts reported and/or disclosures from the initial adoption of the above IFRSs.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

3. APPLICATION OF NEW AND REVISED IFRSs (CONTINUED)

- (a) Initial application of IFRSs (cont'd)

IFRS 9 “Financial Instruments”

IFRS 9 replaces IAS 39 “Financial instruments: recognition and measurement”. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The Company has not been impacted by IFRS 9 in relation to classification/recognition of financial assets and financial liabilities.

The adoption of IFRS 9 has changed the Company’s impairment model by replacing the IAS 39 “incurred loss model” to the “expected credit losses (“ECLs”) model”. IFRS 9 requires the Company to recognise ECLs for trade and other receivables earlier than IAS 39. Cash and cash equivalents are subject to ECL model but the impairment is immaterial for the current year. The new IFRS 9 impairment model does not result in additional impairment allowance for the Company as at 1 April 2018.

IFRS 15 “Revenue from Contracts with Customers”

IFRS 15 establishes a five-step model comprehensive framework for recognising revenue from contracts with customer: (i) identify the contract; (ii) identify performance obligations; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations; and (v) recognise 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. IFRS 15 replaces IAS 18 “Revenue”, IAS 11 “Construction Contracts” and the related interpretations.

The Company has applied IFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application (1 April 2018). Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in IFRS 15, the Company has elected to apply the standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 18, IAS 11 and the related interpretations.

The Group recognises revenue from the following major sources which arise from contracts with customers:

- Service revenue from supply, design and installation of closed circuit television and surveillance systems;
- Service revenue from maintenance contracts; and
- Trading income from sale of security system related products.

The following adjustments were made to the amounts recognised in the Company’s statement of financial position as at 1 April 2018. Line items that were not affected by the changes have not been included.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

3. APPLICATION OF NEW AND REVISED IFRSs (CONTINUED)

(a) Initial application of IFRSs (cont'd)

	<i>Carrying amounts previously reported at 31.3.2018</i>	<i>Reclassification</i>	<i>Carrying amounts under IFRS 15 at 1.4.2018</i>
	£	£	£
Current assets			
Contract assets	-	2,326,900	2,326,900
Amounts due from customers for contracts-in-progress	<u>2,326,900</u>	<u>(2,326,900)</u>	<u>-</u>
Current liabilities			
Contract liabilities	-	1,429,172	1,429,172
Amounts due to customers for contracts-in-progress	<u>1,429,172</u>	<u>(1,429,172)</u>	<u>-</u>

In relation to supply, design and installation of closed circuit television and surveillance systems contracts previously accounted for under IAS 11, the Company continues to apply input method in estimating the performance obligations satisfied up to date of initial application of IFRS 15. Amounts due from/to customers for contracts-in-progress are reclassified to contract assets and contract liabilities, respectively.

For the purposes of reporting cash flows from operating activities under indirect method for the year ended 31 March 2019, movements in working capital have been computed based on opening statement of financial position as at 1 April 2018 as disclosed above.

(b) IFRSs in issue but not yet effective

The following IFRSs in issue at 31 March 2019 have not been applied in the preparation of these financial statements since they were not yet effective for the annual period beginning on 1 April 2018 :-

IFRS 16	Leases ¹
IFRS 17	Insurance Contracts ³
IFRIC 23	Uncertainty over Income Tax Treatments ¹
Amendments to IAS 1 and IAS 8	Definition of Material ²
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement ¹
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures ¹
Amendments to IFRS 3	Definition of a Business ²
Amendments to IFRS 9	Prepayment Features with Negative Compensation ¹
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Annual Improvements (2015-2017)	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 ¹

¹ Effective for the Company's annual financial statements beginning on 1 April 2019

² Effective for the Company's annual financial statements beginning on 1 April 2020

³ Effective for the Company's annual financial statements beginning on 1 April 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 2019

3. APPLICATION OF NEW AND REVISED IFRSs (CONTINUED)

(b) IFRSs in issue but not yet effective (cont'd)

The Company is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far the Company has identified some aspects of IFRS 16 which may have a significant impact on its financial statements.

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS 17 "Leases" and the related interpretations when it becomes effective.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, IFRS 16 requires sales and leaseback transactions to be determined based on the requirements of IFRS 15 as to whether the transfer of the relevant asset should be accounted for as a sale. IFRS 16 also includes requirements relating to subleases and lease modifications.

As at 31 March 2019, the Company has non-cancellable operating lease commitments of £353,672 as disclosed in note 28 to the financial statements. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of IFRS 16, the Company will be required to recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

The Company plans to elect to use the modified retrospective approach for the adoption of IFRS 16 and will recognise the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2019 and will not restate the comparative information. Other than the recognition of lease liabilities and right-of-use assets, the Company expects that the transition adjustments to be made upon the initial adoption of IFRS 16 will not be material.

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 revenue and incurs expenses, including revenue 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.

4.2 Foreign currency

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 Dollar ("HK\$"). These financial statements are presented in Sterling Pound ("£"), which is the Company's presentation currency. As the Company is listed on the AIM, the directors consider that this presentation is more useful for its current and potential investors.

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 re-measured. 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 profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.3 Plant and equipment

Plant and equipment are 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 are retained in the financial statements until the items are no longer in use.

The residual values, useful lives 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.

4.4 Impairment of non-financial 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).

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

4.4 Impairment of non-financial assets (cont'd)

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.

4.6 Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 since 1 April 2018. 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

After application of IFRS 9 on 1 April 2018

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss.

Impairment of financial assets

The Company recognises a loss allowance for ECL on financial assets and other assets which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.6 Financial instruments (cont'd)

4.6.1 Financial assets (cont'd)

After application of IFRS 9 on 1 April 2018 (cont'd)

Impairment of financial assets (cont'd)

The Company always recognises lifetime ECL for trade receivables and contract assets. The ECL on these assets is assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings. For all other instruments, the Company measures the loss allowance equals to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Company recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Company compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Company considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Company.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are re-measured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Company recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at fair value through other comprehensive income (recycling), for which the loss allowances are recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.6 Financial instruments (cont'd)

4.6.1 Financial assets (cont'd)

After application of IFRS 9 on 1 April 2018 (cont'd)

Impairment of financial assets (cont'd)

At each reporting date, the Company assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

The gross carrying amount of a financial asset or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Before application of IFRS 9 on 1 April 2018

Classification and subsequent measurement of financial assets

The Company's financial assets are classified as loans and receivables, which 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 are measured at amortised cost using the effective interest method, less any impairment.

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

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.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.6 Financial instruments (cont'd)

4.6.1 Financial assets (cont'd)

Before application of IFRS 9 on 1 April 2018 (cont'd)

Impairment of loans and receivables (cont'd)

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.

4.6.2 Financial liabilities and equity instruments

Debt and equity instruments issued by the Company 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 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.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.6 Financial instruments (cont'd)

4.6.3 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 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.

4.6.4 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 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.

4.8 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.

4.9 Revenue recognition

Revenue from contracts with customers (upon application of IFRS 15)

Under IFRS 15, the Company 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.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- the Company's performance creates or enhances an asset that the customer controls as the Company performs; or
- the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.9 Revenue recognition (cont'd)

Revenue from contracts with customers (upon application of IFRS 15) (cont'd)

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Company's right to consideration in exchange for goods or services that the Company has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Company's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations (provision of design and installation services and sales of goods), the Company allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Company would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Company estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Company's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depicts the Company's performance in transferring control of goods or services.

Service revenue from supply, design and installation of closed circuit television and surveillance systems is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation using input method as the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

Service revenue from maintenance contracts is recognised over time as the customer simultaneously receives and consumes the benefits provided by the Company. Revenue is recognised on a straight-line basis because the Company's inputs are expended evenly throughout the performance period.

Trading income is recognised at a point in time when the customer obtains control of the distinct good.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.9 Revenue recognition (cont'd)

Revenue recognition (prior to 1 April 2018)

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.

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 Company 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.

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.

Maintenance contracts

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

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.

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 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.10 Construction contracts (prior to 1 April 2018)

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".

4.11 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.

4.12 Employee benefits

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

Short-term employee benefits, including salaries, annual bonuses, paid annual leave and 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 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.13 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 operates and generates 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 a 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.

4.14 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.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

4.15 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.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.16 Related parties

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.

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 the above paragraph.
- (vii) A person identified in (i) of the above paragraph 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.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are 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.

Revenue recognition on service contracts

The Company recognises revenue on service contracts from supply, design and installation of closed circuit television and surveillance systems by reference to the progress towards complete satisfaction of the relevant performance obligation using the input method, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The management regularly discusses with the project team in order to review and revise the estimates of the total contract costs and stage of completion of the work performed to date with reference to the performance and status of corresponding service contract work. Accordingly, revenue recognition on service contracts involves a significant degree of management estimates and judgment, with estimates being made to assess the total contract costs and contract costs incurred for work performed to date.

The management reviews and revises the estimates of total contract costs and contract costs incurred for work performed to date as the contract progresses, the actual outcome of the contract in terms of its total costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

5. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Estimated provision of ECL for receivables measured at amortised cost and contract assets

The management of the Company estimates the amount of impairment loss for ECL on receivables measured at amortised cost and contract assets based on the credit risk of these assets. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

The provision of ECL is sensitive to changes in estimates.

Income taxes

The Company is subject to profits 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 2019, the Company has unused tax losses of approximately £2,189,000 (2018: £3,592,000) available for offset against future profits and no deferred tax asset has been recognised thereon. 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 a recognition takes place.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	<i>2019</i>	<i>2018</i>
	£	£
Financial assets		
Amounts due from related companies	3,322,882	3,075,815
Trade and other receivables	2,274,267	2,001,413
Cash and bank balances	1,750,056	973,313
	<u>1,750,056</u>	<u>973,313</u>
Financial liabilities		
Trade and other payables	2,521,122	1,981,357
Amount due to a related company	409,556	108,617
	<u>409,556</u>	<u>108,617</u>

(b) Financial risk management objectives and policies

Details of the Company's major 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. The Company's management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

6. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (cont'd)

(i) Market risk

Currency risk

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

The carrying amounts of the Company's foreign currency denominated financial assets and liabilities at the end of each reporting period are as follows:

	<i>Assets</i>		<i>Liabilities</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Renminbi	161,387	158,670	567,360	580,222
United States dollar	134,671	78,393	-	-

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

The following table details the Company's sensitivity to a 5% increase and decrease in Sterling Pound against the relevant foreign currencies with all other variables held constant. 5% (2018: 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 financial instruments and adjusts their translation at the end of the reporting period for a 5% (2018: 5%) change in foreign currency rates.

	<i>2019</i>	<i>2018</i>
	<i>£</i>	<i>£</i>
Renminbi		
Post-tax profit for the year	21,367	22,187
United States dollar		
Post-tax profit for the year	(7,088)	(4,126)

Interest rate risk

The Company is exposed to fair value interest rate risk in relation to its bank deposits. 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 29 to the financial statements.

The Company currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises.

UNIVISION ENGINEERING LIMITED
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6. FINANCIAL INSTRUMENTS (CONTINUED)

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

(i) Market risk (cont'd)

Interest rate risk (cont'd)

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

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 the 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 2018.

For the year ended 31 March 2019, 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 £2,736 (2018: £1,141).

(ii) Credit risk

At 31 March 2019, 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 statement of financial position.

In order to minimise credit risk, the management has a credit policy in place and the exposure to these credit risks is monitored on an ongoing basis. Credit evaluations of the counterparties' financial position and conditions are performed on each and every major debtor periodically.

The Company measures ECLs for trade and other receivables and contract assets at an amount calculated using a provision matrix, details of which are set out in notes 19 and 20 to the financial statements. At the end of the reporting period, the Company had concentrations of credit risk where trade and other receivables balance of the Company's largest external customer exceeds 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.

The Company's exposure credit risk is considered limited.

(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 is 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 2019, the Company's banking facilities amounted to £5,655,778 (2018: £4,797,248) and the unused facilities were £4,553,605 (2018: £4,295,457).

The following table details the contractual maturities of the Company's non-derivative 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.

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

6. FINANCIAL INSTRUMENTS (CONTINUED)

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

(iii) Liquidity risk (cont'd)

	2019					Carrying amount at 31 March 2019 £
	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 £	
Trade and other payables	Nil	2,521,122	-	-	2,521,122	2,521,122
Amount due to a related company	Nil	-	409,556	-	409,556	409,556
		<u>2,521,122</u>	<u>409,556</u>	<u>-</u>	<u>2,930,678</u>	<u>2,930,678</u>
	2018					Carrying amount at 31 March 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 £	
Trade and other payables	Nil	1,981,357	-	-	1,981,357	1,981,357
Amount due to a related company	Nil	-	108,617	-	108,617	108,617
		<u>1,981,357</u>	<u>108,617</u>	<u>-</u>	<u>2,089,974</u>	<u>2,089,974</u>

(c) Fair value

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in these financial statements approximate 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 reviews and manages 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 monitors its capital structure on the basis of a net debt-to-adjusted capital ratio. For this purpose, net debt is defined as total debt less bank deposits and cash and cash equivalents. Adjusted capital comprises all components of equity less proposed dividends but not yet accrued.

The strategy during 2019, which is unchanged from 2018, is 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.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

6. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Capital risk management (cont'd)

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

	<u>2019</u> £	<u>2018</u> £
Total liabilities	3,887,294	3,519,146
Cash and bank balances	<u>(1,750,056)</u>	<u>(973,313)</u>
Net debt	<u>2,137,238</u>	<u>2,545,833</u>
Total equity	<u>7,918,342</u>	<u>5,882,882</u>
Net debt-to-adjusted capital ratio	<u>27%</u>	<u>43%</u>

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 2019.

(a) Segment revenues and results

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

	<u>2019</u> £	<u>2018</u> £
Segment revenue by major products and services		
- Construction contracts	12,635,262	4,093,942
- Maintenance contracts	1,426,493	1,296,638
- Product sales	<u>159,742</u>	<u>202,591</u>
Revenue from contracts with customers and external customers	<u>14,221,497</u>	<u>5,593,171</u>
Segment profit	1,784,355	736,850
Finance costs	<u>(55,409)</u>	<u>(2,089)</u>
Profit before income tax	<u>1,728,946</u>	<u>734,761</u>

(b) Information about major customers

Revenue of approximately £11,995,000 (2018: £2,738,000) is derived from one external customer (2018: two customers), who contributed to 10% or more of the Company's revenue in 2019 and 2018.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

8. OTHER INCOME

	<i>2019</i>	<i>2018</i>
	£	£
Interest income	3,947	2,896
Sundry income	194	8,416
	<u>4,141</u>	<u>11,312</u>

9. OTHER (LOSSES)/GAINS, NET

	<i>2019</i>	<i>2018</i>
	£	£
Foreign exchange (loss)/gain	(10,203)	8,754
(Loss)/gain on disposal of plant and equipment	(128)	1,444
Impairment loss reversed on amounts due from customers for contracts-in-progress	-	57,256
Inventories write-off	(50,457)	(47,832)
Others	(9,872)	-
	<u>(70,660)</u>	<u>19,622</u>

10. EXPENSES BY NATURE

	<i>2019</i>	<i>2018</i>
	£	£
Cost of inventories recognised as expenses	8,673,468	1,558,455
Sub-contracting costs	1,013,057	1,060,199
Depreciation – owned plant and equipment	47,318	30,580
Operating lease charges – minimum lease payments	187,090	128,367
Research and development costs	31,148	39,001
Selling and distribution cost	2,995	3,692
Other expenses	322,189	423,678
Staff costs, including directors' remuneration		
- Wages and salaries	1,988,631	1,555,911
- Pension scheme contributions	78,128	64,273
	<u>2,066,759</u>	<u>1,620,184</u>
Auditor's remuneration		
- Audit services	26,599	23,099
	<u>26,599</u>	<u>23,099</u>
Total cost of sales, selling and distribution, administrative expenses	<u>12,370,623</u>	<u>4,887,255</u>

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

11. DIRECTORS' REMUNERATION

Directors' remuneration for the year is as follows:

	<i>Salaries, bonuses and allowances</i>	<i>Pension scheme contributions</i>	<i>2019</i>
	£	£	£
Executive directors			
Stephen Sin Mo KOO	-	-	-
Peter Yip Tak CHAN	71,076	1,743	72,819
Chun Pan WONG	101,052	1,743	102,795
Danny Kwok Fai YIP	67,800	1,743	69,543
Mike Chiu Wah CHAN	40,724	1,017	41,741
	<u>280,653</u>	<u>6,246</u>	<u>286,898</u>
Non-executive directors			
Nicholas James LYTH	15,684	-	15,684
Ivor Colin SHARGO	7,126	-	7,126
	<u>22,810</u>	<u>-</u>	<u>22,810</u>
	<u>303,463</u>	<u>6,246</u>	<u>309,709</u>

Messrs. Mike Chiu Wah CHAN and Ivor Colin SHARGO were appointed as the Company's directors on 21 September 2018 and 27 September 2018 respectively.

	<i>Salaries, bonuses and allowances</i>	<i>Pension scheme contributions</i>	<i>2018</i>
	£	£	£
Executive directors			
Stephen Sin Mo KOO	-	-	-
Peter 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 directors			
Nicholas James LYTH	13,859	-	13,859
	<u>214,856</u>	<u>5,196</u>	<u>220,052</u>

12. FINANCE COSTS

	<i>2019</i>	<i>2018</i>
	£	£
Interest expense on bills payable and factoring	<u>55,409</u>	<u>2,089</u>

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

13. INCOME TAX

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

No provision for Hong Kong profits tax has been accrued for in these financial statements as the Company has unused tax losses brought forward to offset against its taxable profit for the year.

Reconciliation between income tax and profit before income tax is as follows:

	2019 £	2018 £
Profit before income tax	<u>1,728,946</u>	<u>734,761</u>
Notional tax on profit before income tax, calculated at Hong Kong profits tax rate of 16.5%	285,276	121,236
Tax effect of non-taxable income	(8)	(11,793)
Tax effect of non-deductible expenses	9,974	6,665
Tax effect of temporary differences not recognised	(18,240)	(5,912)
Utilisation of unrecognised tax losses	<u>(277,002)</u>	<u>(110,196)</u>
Income tax	<u>-</u>	<u>-</u>

(b) Deferred tax

At 31 March 2019, the Company's significant temporary difference included unused tax losses of £2,178,697 (2018: £3,591,859) available for offset against future taxable profits. No deferred tax asset has been recognised due to the uncertainty of future profit streams.

	2019 £	2018 £
Balance at beginning of year	3,591,859	4,808,854
Set-off against assessable profit for the year	(1,678,799)	(667,852)
Foreign exchange difference	<u>265,637</u>	<u>(549,143)</u>
Balance at end of year	<u>2,178,697</u>	<u>3,591,859</u>

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

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 £1,728,946 from operations (2018: £734,761), and the weighted average of 383,677,323 (2018: 383,677,323) ordinary shares in issue during the year.

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

UNIVISION ENGINEERING LIMITED
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15. DIVIDENDS

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

	2019	2018
	£	£
Final dividend proposed after the reporting period of HK\$0.55, equivalent to 0.0536 pence per ordinary share (2018: HK\$0.43, equivalent to 0.0389 pence, per ordinary share)	<u>205,775</u>	<u>149,331</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

	2019	2018
	£	£
Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$0.43, equivalent to 0.0395 pence, per ordinary share (2018: HK\$0.41, equivalent to 0.042 pence per ordinary share)	<u>159,726</u>	<u>151,403</u>

16. PLANT AND EQUIPMENT

	<i>Furniture and fixtures</i>	<i>Computer equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£	£
Cost				
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	<u>(6,053)</u>	<u>(11,013)</u>	<u>(35,601)</u>	<u>(52,667)</u>
At 31 March 2018	49,195	81,964	65,577	196,736
Additions	117,324	14,533	-	131,857
Disposal	(174)	(549)	-	(723)
Foreign translation difference	<u>4,650</u>	<u>6,439</u>	<u>30,123</u>	<u>41,212</u>
At 31 March 2019	<u>170,995</u>	<u>102,387</u>	<u>95,700</u>	<u>369,082</u>
Accumulated depreciation				
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	<u>(3,580)</u>	<u>(8,713)</u>	<u>(33,607)</u>	<u>(45,900)</u>
At 31 March 2018	28,776	68,242	45,756	142,774
Charge for the year	27,113	11,048	9,157	47,318
Disposal	(174)	(411)	-	(585)
Foreign translation difference	<u>2,419</u>	<u>5,354</u>	<u>28,656</u>	<u>36,429</u>
At 31 March 2019	<u>58,134</u>	<u>84,233</u>	<u>83,569</u>	<u>225,936</u>
Net book value				
At 31 March 2019	<u>112,861</u>	<u>18,154</u>	<u>12,131</u>	<u>143,146</u>
At 31 March 2018	<u>20,419</u>	<u>13,722</u>	<u>19,821</u>	<u>53,962</u>

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

17. INVENTORIES

	<i>2019</i>	<i>2018</i>
	£	£
Raw materials	290,697	300,009
Finished goods	351,678	670,616
	<u>642,375</u>	<u>970,625</u>

No provision for obsolete inventories is recognised for the year (2018: £nil) on slow-moving inventories.

Inventories write-off for the year of £50,457 (2018: £47,832) was recorded.

18. CONTRACTS-IN-PROGRESS

	<i>2019</i>	<i>2018</i>
	£	£
Contract costs incurred plus attributable profits less foreseeable losses	-	27,320,142
Progress billings to date	-	(26,422,414)
	<u>-</u>	<u>897,728</u>
Represented by:		
Amounts due from customers for contracts-in-progress	-	2,599,665
Less: allowance for doubtful debts	-	(272,765)
	<u>-</u>	<u>2,326,900</u>
Amounts due from customers for contracts-in-progress, net (Note 19)	-	2,326,900
Amounts due to customers for contracts-in-progress (Note 22)	-	(1,429,172)
	<u>-</u>	<u>897,728</u>

At 31 March 2018, no retention receivables from construction customers were included within “trade and other receivables”.

Movements in the allowance for doubtful debts are as follow:

	<i>2019</i>	<i>2018</i>
	£	£
At beginning of year	-	324,007
Reversal of provision made	-	(57,256)
Foreign translation difference	-	6,014
	<u>-</u>	<u>272,765</u>
At end of year	<u>-</u>	<u>272,765</u>

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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19. TRADE AND OTHER RECEIVABLES

	2019 £	2018 £
Trade receivables	858,592	609,599
Less: allowance for doubtful debts	<u>(61,806)</u>	<u>(48,140)</u>
Trade receivables, net	796,786	561,459
Other receivables	1,267,203	1,077,495
Deposits and prepayments	210,278	362,459
Amounts due from customers for contracts-in-progress, net (Note 18)	<u>-</u>	<u>2,326,900</u>
Total carrying amount	<u><u>2,274,267</u></u>	<u><u>4,328,313</u></u>

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

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:

	2019 £	2018 £
At beginning of year	48,140	54,858
Provision for the year	9,872	-
Foreign translation difference	<u>3,794</u>	<u>(6,718)</u>
At end of year	<u><u>61,806</u></u>	<u><u>48,140</u></u>

The ageing analysis of trade receivables, net at the end of the reporting period is as follows:

	2019 £	2018 £
0 to 90 days	717,632	246,710
91 to 365 days	77,980	305,520
Over 365 days	<u>1,174</u>	<u>9,229</u>
	<u><u>796,786</u></u>	<u><u>561,459</u></u>

The Company measures loss allowances for trade receivables at an amount equals to lifetime ECLs, which is calculated using a provision matrix. As the Company's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Company's different customer bases.

The following table provides information about the Company's exposure to credit risk and ECLs for trade receivables as at 31 March 2019:

	<i>Expected loss rate</i> %	<i>Gross carrying amount</i> £	<i>Loss allowance</i> £
0 to 90 days	-	717,632	-
91 to 365 days	-	77,980	-
Over 365 days	98	<u>62,980</u>	<u>61,806</u>
		<u><u>858,592</u></u>	<u><u>61,806</u></u>

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

19. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables (cont'd)

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the periods over which the historic data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

Other receivables

The amount of £271,869 in other receivable is interest-free, repayable on demand and due from Mr. Stephen Sin Mo KOO, a Director of the Company.

20. CONTRACT ASSETS

	<i>At 31.3.2019</i>	<i>At 1.4.2018</i>
	£	£
Supply, design and installation of closed circuit television and surveillance systems services	<u>3,576,824</u>	<u>2,326,900</u>

The balance as at 1 April 2018 is the adjusted balance after the application of IFRS 15.

The contract assets primarily relate to the Company's right to consideration for work completed and not billed because the rights are conditioned on the Company's future performance in achieving specified milestones at the reporting date on the comprehensive architectural services. The contract assets are transferred to trade receivables when the rights become unconditional. The Company typically transfer contract assets to trade receivables upon achieving the specified milestones in the contracts.

There was no retention monies held by customers for contract works performed at the end of each reporting period. The Company classifies these contract assets as current because the Company expects to realise them in its normal operating cycle.

The Company makes specific provision for contract assets whose credit risk are considered significantly increased or identified as credit-impaired. For remaining balance of contract assets, the Company makes general provision based on ageing analysis and project status.

As at 31 March 2019, the gross amount of contract assets was £3,671,998 and the provision of impairment brought forward from 1 April 2018 was £95,174.

The following table provides information about the Company's exposure to credit risk and ECLs for contract assets as at 31 March 2019:

	<i>Expected loss rate</i>	<i>Gross carrying amount</i>	<i>Loss allowance</i>
	%	£	£
Within 3 years	-	3,576,824	-
Over 3 years	100	<u>95,174</u>	<u>95,174</u>
		<u>3,671,998</u>	<u>95,174</u>

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

21. CASH AND BANK BALANCES

(a) Cash and cash equivalents

	<i>2019</i>	<i>2018</i>
	£	£
Cash at bank and in hand	1,312,211	524,329
Deposits with banks	<u>437,845</u>	<u>448,984</u>
	1,750,056	973,313
Less: restricted cash	<u>(437,845)</u>	<u>(448,984)</u>
Cash and cash equivalents in the statement of cash flow	<u>1,312,211</u>	<u>524,329</u>

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

	<i>2019</i>	<i>2018</i>
	£	£
Hong Kong dollar	1,650,769	909,653
Renminbi	62,100	60,001
United States dollar	35,792	2,004
Others	<u>1,395</u>	<u>1,655</u>

(c) Restricted cash

At 31 March 2019, bank balance of £437,845 (2018: £448,984) 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 1.33% per annum (2018: 0.2% to 3.2%).

22. TRADE AND OTHER PAYABLES

	<i>2019</i>	<i>2018</i>
	£	£
<u>Current liabilities</u>		
Trade payables	103,756	339,703
Bills payable	1,102,173	429,373
Due to related parties (Note 26)	45,746	36,599
Accruals and other payables	1,269,447	1,175,682
Amounts due to customers for contracts-in-progress (Note 18)	<u>-</u>	<u>1,429,172</u>
	<u>2,521,122</u>	<u>3,410,529</u>
<u>Non-current liabilities</u>		
Due to a related company (Note 26)	<u>409,556</u>	<u>108,617</u>
	<u>2,930,678</u>	<u>3,519,146</u>

Trade and other payables are expected to be repaid within one year, other than the amount due to a related company.

Bills payable carry interest at annual rate at the Hong Kong Best Lending Rate and are repayable within 90 days.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

23. CONTRACT LIABILITIES

	<i>At 31.3.2019</i>	<i>At 1.4.2018</i>
	£	£
Supply, design and installation of closed circuit television and surveillance systems services	<u>956,616</u>	<u>1,429,172</u>

The balance as at 1 April 2018 is the adjusted balance after the application of IFRS 15.

Contract liabilities represent the Company's obligation to transfer performance obligation to customers for which the Group has received considerations from the customers.

The contract liabilities as at 1 April 2018 were fully recognised as revenue in the current year.

24. SHARE CAPITAL

	<i>2019</i>	<i>2018</i>
	£	£
Issued and fully paid: 383,677,323 ordinary shares of HK\$55,033,572, translated at historical rate	<u>3,890,257</u>	<u>3,890,257</u>

The Company has one class of ordinary shares which has no par value.

25. 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 Company 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 has no other material obligations to make payments in respect of retirement benefits of the employees.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

26. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

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

	2019	2018
	£	£
Salaries, bonus and allowances	<u>414,908</u>	<u>372,563</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.

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 2019, there are balances of £271,869 (2018: £Nil) and £45,746 (2018: £36,599) due from and due to Mr. Stephen Sin Mo KOO respectively, a Director of the Company, which are unsecured, interest-free and repayable on demand (Note 19 and 22).
- (b) At 31 March 2019, there is a payable balance of £409,556 (2018: £108,617) due to a shareholder, Univision Holdings Limited, which is unsecured, interest-free and repayable after 12 months (Note 22).
- (c) At 31 March 2019, there are receivable balances of £3,322,882 (2018: £3,075,815) 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 these financial statements, the Company had no other material transactions with related parties during the year.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

27. CASH FLOWS FROM LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Company's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows arising from financing activities.

<i>Amount due to a related company</i>	2019	2018
	£	£
At beginning of year	108,617	123,775
Financing cash flows - Advances	290,444	-
Other changes - Foreign translation difference	10,495	(15,158)
	<u>409,556</u>	<u>108,617</u>
At end of year	<u>409,556</u>	<u>108,617</u>

28. COMMITMENTS

(a) Capital commitments

At 31 March 2019, the Company did not have any material outstanding capital commitments.

(b) Operating lease commitments

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

	2019	2018
	£	£
Within one year	211,546	153,729
Between two to five years	142,126	213,253
	<u>353,672</u>	<u>366,982</u>

The leases are negotiated for terms from 1 to 2 years with fixed monthly rental.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

29. BANKING FACILITIES

At 31 March 2019, the banking facilities of the Company were as follows:-

- (a) The revolving trade financing facilities amounted to £1,267,674 (equivalent to HK\$13,000,000) 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 2019, the facilities were utilised to the extent of £1,102,173 (2018 : £429,373); and
- (b) The revolving term facilities amounted to £4,388,103 (equivalent to HK\$45,000,000) were secured by floating charges over the bills receivable from its major customer. At 31 March 2019, no facilities were utilised.

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) to the financial statements.

30. CONTINGENT LIABILITIES

On 10 March 2017, 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 2017, 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 as at 31 March 2019.

31. EVENTS AFTER THE REPORTING PERIOD

On 27 August 2019, the Board of Directors proposed a final dividend for the year ended 31 March 2019. Further details are disclosed in note 15(i) to the financial statements.

During the interim review in mid of April 2019, HSBC has increased the trade facilities from HK\$13m to HK\$21m.

On 15 April 2019, a life insurance plan ("keyman insurance plan") for the Group's Executive Chairman, Mr. Stephen Sin Mo KOO was provided by HSBC Life (International) Limited with sum insured of US\$2.5m. HSBC has provided a long term revolving loan of HK\$6.5m for financing certain portion of the premium. The Company is the policy holder for the keyman insurance plan that is assigned to HSBC for security for the facilities.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 2019 Annual General Meeting (AGM) of UniVision Engineering Limited will be held at UniVision Engineering Limited, Unit 201, 2/F., Sunbeam Centre, 27 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong, on 30 September 2019 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 2019 together with the Directors' Report and the Independent Auditor's Report;
2. To declare a final dividend for the financial year ended 31 March 2019;
3. To re-elect Mr. Stephen Sin Mo KOO who retired by rotation, as a Director of the Company;
4. To re-elect Mr. Danny Kwok Fai YIP who retired by rotation, as a Director of the Company;
5. To re-elect Mr. Nicholas James LYTH who retired by rotation, as a Non-Executive Director of the Company;
6. To re-elect Mr. Ivor Colin SHRAGO who retired by rotation, as a Non-Executive Director of the Company;
7. To reappoint auditor PKF Hong Kong 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;
8. 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;
9. 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.

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

4 September 2019

Registered office:
Unit 201, 2/F Sunbeam Centre,
27 Shing Yip Street
Kwun Tong, Kowloon,
Hong Kong.

NOTICE OF ANNUAL GENERAL MEETING

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 26 September 2019 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.