# eprint GROUP LIMITED
# eprint集團有限公司

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

**(Stock code: 1884)**

# ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2014

## FINANCIAL HIGHLIGHTS

| | For the year ended 31 March | | |
|---|---|---|---|
| | **2014** | 2013 | |
| | ***HK$'million*** | *HK$'million* | *Change* |
| Revenue | **304.6** | 284.5 | 7.1% |
| Profit for the year attributable to equity holders of the company (excluding Listing expenses and share-based payments) | **40.9** | 43.7 | (6.4%) |
| Less: Listing expenses for the year | **(17.6)** | (1.3) | |
| Less: Share-based payments for the year | **(1.7)** | – | |
| Profit for the year attributable to equity holders of the Company | **21.6** | 42.4 | (49.1%) |
| Net cash generated from operating activities | **49.9** | 46.3 | 7.8% |
| Net profit margin % (excluding Listing expenses and share-based payments) | **13.4%** | 15.4% | |
| Gross profit margin % | **37.6%** | 36.2% | |
| Basic earnings per share *(HK cents)* | **5.19** | 11.32 | |

| | As at 31 March | | |
|---|---|---|---|
| | **2014** | 2013 | |
| | ***HK$'million*** | *HK$'million* | *Change* |
| Total assets | **253.1** | 192.0 | 31.8% |
| Total equity | **164.8** | 71.9 | 129.2% |
| Bank balance and deposit | **134.0** | 71.1 | 88.5% |

The board of directors (the "**Board**") of eprint Group Limited (the "**Company**") announces the consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 March 2014, together with the comparative figures for the year ended 31 March 2013, are as follows:

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 March 2014*

| | *Note* | **2014** *HK$'000* | 2013 *HK$'000* |
|---|---|---|---|
| Revenue | *3* | **304,562** | 284,498 |
| Cost of sales | *4* | **(190,012)** | (181,583) |
| **Gross profit** | | **114,550** | 102,915 |
| Other income | *3* | **6,165** | 6,238 |
| Other losses – net | *3* | **(1,122)** | (1,198) |
| Selling and distribution expenses | *4* | **(17,553)** | (15,821) |
| Administrative expenses | *4* | **(75,136)** | (41,583) |
| **Operating profit** | | **26,904** | 50,551 |
| Finance income | | **1,147** | 976 |
| Finance costs | | **(1,894)** | (1,724) |
| Finance costs – net | | **(747)** | (748) |
| Share of profits of joint ventures | | **1,776** | 1,022 |
| **Profit before income tax** | | **27,933** | 50,825 |
| Income tax expense | *5* | **(6,535)** | (8,207) |
| **Profit for the year** | | **21,398** | 42,618 |
| **Other comprehensive income:** | | | |
| *Item that may be subsequently reclassified to profit or loss:* | | | |
| Currency translation differences | | **(182)** | (5) |
| **Total comprehensive income for the year** | | **21,216** | 42,613 |

| | Note | 2014 HK$'000 | 2013 HK$'000 |
|---|---|---|---|
| **Profit for the year attributable to:** | | | |
| Equity holders of the Company | | **21,577** | 42,438 |
| Non-controlling interests | | **(179)** | 180 |
| | | **21,398** | 42,618 |
| **Earnings per share** | | | |
| Basic (expressed in HK cents per share) | *6* | **5.19** | 11.32 |
| Diluted (expressed in HK cents per share) | *6* | **5.19** | N/A |
| **Total comprehensive income attributable to:** | | | |
| Equity holders of the Company | | **21,395** | 42,433 |
| Non-controlling interests | | **(179)** | 180 |
| | | **21,216** | 42,613 |
| Dividends | *7* | **34,999** | 38,704 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 March 2014*

| | | 2014 | 2013 |
|---|---|---|---|
| | *Note* | ***HK$'000*** | *HK$'000* |
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | **103,414** | 101,974 |
| Investments in joint ventures | | **2,922** | 1,235 |
| Deposits and prepayments | | **3,164** | 2,261 |
| | | **109,500** | 105,470 |
| **Current assets** | | | |
| Inventories | | **3,123** | 3,736 |
| Trade receivables | *8* | **2,379** | 1,803 |
| Deposits, prepayments and other receivables | *9* | **2,466** | 9,565 |
| Current income tax recoverable | | **1,158** | – |
| Amounts due from related companies | | **479** | 296 |
| Bank deposit | | **18,004** | – |
| Cash and cash equivalents | | **115,961** | 71,086 |
| | | **143,570** | 86,486 |
| **Total assets** | | **253,070** | 191,956 |
| **Equity** | | | |
| **Capital and reserves attributable to the equity holders of the Company** | | | |
| Share capital | | **5,000** | 1 |
| Share premium | | **80,357** | – |
| Other reserves | | **57,412** | 69,720 |
| Proposed final dividend | | **20,000** | – |
| | | **162,769** | 69,721 |
| Non-controlling interests | | **2,025** | 2,204 |
| **Total equity** | | **164,794** | 71,925 |

| | Note | **2014** | 2013 |
|---|---|---|---|
| | | ***HK$'000*** | *HK$'000* |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Borrowings | | **–** | 16,217 |
| Obligations under finance leases | | **14,694** | 18,564 |
| Deferred income tax liabilities | | **10,496** | 9,380 |
| | | **25,190** | 44,161 |
| **Current liabilities** | | | |
| Trade payables | *10* | **24,920** | 24,531 |
| Accruals and other payables | *10* | **16,284** | 14,474 |
| Amounts due to directors | | **350** | – |
| Borrowings | | **9,681** | 21,013 |
| Obligations under finance leases | | **11,620** | 13,415 |
| Current income tax payable | | **231** | 2,437 |
| | | **63,086** | 75,870 |
| **Total liabilities** | | **88,276** | 120,031 |
| **Total equity and liabilities** | | **253,070** | 191,956 |
| **Net current assets** | | **80,484** | 10,616 |
| **Total assets less current liabilities** | | **189,984** | 116,086 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

The consolidated financial statements of eprint Group Limited have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") issued by Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

#### (a) Amended standards and interpretation adopted by the Group

The following amendments to standards are mandatory for accounting periods beginning on or after 1 April 2013 and are applicable to the Group:

| | |
|---|---|
| HKAS 19 (Revised 2011) | Employee benefits |
| HKAS 27 (Revised 2011) | Separate financial statements |
| HKAS 28 (Revised 2011) | Investment in associates and joint ventures |
| HKFRS 10 | Consolidated financial statements |
| HKFRS 11 | Joint arrangements |
| HKFRS 12 | Disclosures of interests in other entities |
| HKFRS 13 | Fair value measurement |
| HKAS 1 (Revised) (Amendment) | Presentation of items of other comprehensive income |
| HKFRS 7 (Amendment) | Financial instruments: Disclosures – Offsetting financial assets and financial liabilities |
| HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments) | Consolidated financial statements, Joint arrangements and Disclosure of interest in other entities: transition guidance |

**(b) New standards and amendments to standards have been issued but not effective for the financial year beginning on or after 1 April 2013 and have not been early adopted**

| | | Effective for annual period beginning on or after |
|---|---|---|
| HKFRS 9 | Financial instruments | 1 January 2015 |
| HKIFRIC 21 | Levies | 1 January 2014 |
| HKAS 19 (Revised 2011) (Amendment) | Employee benefits | 1 July 2014 |
| HKAS 32 (Amendment) | Financial instruments: Presentation – Offsetting financial assets and financial liabilities | 1 January 2014 |
| HKAS 36 (Amendment) | Impairment of assets: Recoverable amount disclosures for non-financial assets | 1 January 2014 |
| HKAS 39 (Amendment) | Financial instruments: Recognition and measurement – Novation of derivatives and continuation of hedge accounting | 1 January 2014 |
| HKFRS 10, HKFRS 12 and HKAS 27 (Revised 2011) (Amendment) | Investment entities | 1 January 2014 |
| HKFRS 7 and HKFRS 9 (Amendment) | Mandatory effective date and transition disclosures | 1 January 2015 |

The Group has not early adopted these new standards and amendments to the existing standards in the financial statements for the year ended 31 March 2014. The Group plans to apply the above standards and amendments when they become effective. The Group has already commenced an assessment of the related impact to the Group and it is not yet in a position to state whether any substantial changes to Group's significant accounting policies and presentation of the financial information will result.

## 2. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board of the Group. As the Group is principally engaged in the provision of printing services, which are subject to similar business risk, and resources are allocated based on what is beneficial to the Group in enhancing the value as a whole rather than any specific unit, the Board considers the performance assessment of the Group should be based on the profit before income tax of the Group as a whole and regards the Group's business as a single operating segment and reviews financial information accordingly. Therefore, the Board considers there to be only one operating segment under the requirements of HKFRS 8 – Operating Segments.

The subsidiary incorporated in the PRC provides information technology support services within the Group. Since the Group only operates in Hong Kong and the Group's assets are mainly located in Hong Kong, no geographical segment information is presented.

For the years ended 31 March 2013 and 2014, no external customers contributed over 10% of the Group's revenue.

## 3. REVENUE, OTHER INCOME AND OTHER LOSS – NET

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Revenue | | |
| Provision of printing services | **304,562** | 284,498 |
| Other income | | |
| Management fee income | **270** | 1,080 |
| Scrap sales | **4,748** | 4,426 |
| License fee income | **187** | – |
| Information technology training services income | **–** | 675 |
| Pre-press processing and customer service fee income | **839** | – |
| Sundry income | **121** | 57 |
| | **6,165** | 6,238 |
| Other losses – net | | |
| Loss on disposal of property, plant and equipment | **(413)** | (1,198) |
| Exchange loss – net | **(709)** | – |
| | **(1,122)** | (1,198) |

## 4. EXPENSES BY NATURE

Expenses included in cost of sales, selling and distribution expenses and administrative expenses are analysed as follows:

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Cost of materials | **112,220** | 106,674 |
| Auditor's remuneration | | |
| – Audit services | **1,302** | 449 |
| – Non-audit services | **210** | 98 |
| Employee benefits expenses | **73,374** | 59,146 |
| Depreciation of property, plant and equipment | **11,269** | 9,945 |
| Outsourced customer support expenses | **11,717** | 5,141 |
| Subcontracting fee | **8,343** | 14,041 |
| Operating lease rental of premises and equipment | **15,672** | 15,538 |
| Repairs and maintenance | **3,646** | 3,281 |
| Distribution costs | **7,414** | 6,536 |
| Utility expenses | **6,526** | 5,422 |
| Professional expenses incurred in connection with the Company's listing ("**Listing expenses**") | **17,626** | 1,275 |
| Provision for impairment of trade receivables | **11** | 48 |
| Recovery of trade receivables previously written off | **–** | (24) |
| Recovery of amount due from a related company | **–** | (36) |
| Others | **13,371** | 11,453 |
| Total cost of sales, selling and distribution expenses and administrative expenses | **282,701** | 238,987 |

Others mainly represent credit card handling charges, advertising and promotion expenses and telecommunication costs.

## 5. INCOME TAX EXPENSE

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Current income tax | | |
| – Hong Kong profits tax | **5,536** | 6,599 |
| – PRC corporate income tax | **15** | – |
| Over-provision in prior year | **(132)** | – |
| | **5,419** | 6,599 |
| Deferred income tax | **1,116** | 1,608 |
| Income tax expense – total | **6,535** | 8,207 |

Subsidiaries incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% on the estimated assessable profits for the year (2013: 16.5%). Subsidiary incorporated in the PRC is subject to PRC corporate income tax ("**CIT**") based on the statutory income tax rate of 25% for the year (2013: 25%) as determined in accordance with the relevant PRC income tax rules and regulations. The Company has not been subject to any taxation in the Cayman Islands as it does not have any assessable profit for the periods since its incorporation.

## 6. EARNINGS PER SHARE

### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue for the years ended 31 March 2013 and 2014.

The weighted average number of ordinary shares for the purpose of basic earnings per share for the years ended 31 March 2013 and 2014 have been retrospectively adjusted to reflect 374,900,000 shares issued upon capitalisation on 3 December 2013.

| | **2014** | 2013 |
|---|---|---|
| Profit attributable to equity holders of the Company *(HK$'000)* | **21,577** | 42,438 |
| Weighted average number of ordinary shares in issue *(thousands)* | **415,753** | 375,000 |
| Basic earnings per share *(HK cents)* | **5.19** | 11.32 |

**(b) Diluted**

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group has one category of dilutive potential ordinary shares: share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Group's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as below is compared with the number of shares that would have been issued assuming the exercise of the share options.

| | **2014** |
|---|---|
| Profit attributable to equity holders of the Company *(HK$'000)* | **21,577** |
| Weighted average number of ordinary shares in issue *(thousands)* | **415,753** |
| Adjustments for: | |
| – Share options *(thousands)* | **216** |
| Weighted average number of ordinary shares for diluted earnings per share *(thousands)* | **415,969** |
| Diluted earnings per share *(HK cents)* | **5.19** |

The Company had no dilutive shares for the year ended 31 March 2013.

## 7. DIVIDENDS

For the year ended 31 March 2013, the Board of Invoice Limited, a subsidiary of the Company, declared the payment of an interim dividend of HK$3,144.66 per ordinary share totalling HK$3,144,000 to its then shareholders. The dividend was paid for the year ended 31 March 2013.

The Board of Promise Network Printing Limited, a subsidiary of the Company, declared the payment of an interim dividend of HK$2,425 per ordinary share (2013: HK$12,321.47 per ordinary share) to its then shareholders totalling HK$6,998,550 (2013: HK$35,560,000). All dividends were paid during the year ended 31 March 2014.

On 11 November 2013, the Board of the Company approved to declare an interim dividend of HK$80 per ordinary share, totalling HK$8,000,000 to its then shareholders. All dividends were paid on the same date.

The Board of the Company recommends the payment of a final dividend of HK$0.04 per ordinary share, totalling HK$20,000,000 for the year ended 31 March 2014.

## 8. TRADE RECEIVABLES

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade receivables | **2,379** | 1,803 |

The directors of the Company consider that the carrying amounts of trade receivables approximate their fair values.

Payment terms granted to customers are mainly cash on delivery and on credit. The average credit period ranges from 30 days to 60 days. The ageing analysis of the trade receivables based on invoice date is as follows:

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 1 – 30 days | **2,072** | 1,405 |
| 31 – 60 days | **150** | 266 |
| Over 60 days | **157** | 132 |
| | **2,379** | 1,803 |

As at 31 March 2014, trade receivables of HK$899,000 (2013: HK$736,000) were past due but not impaired. These relate to certain customers with no recent history of default. Based on historic low default rate, the Group believes that no impairment provision is necessary. The past due ageing analysis of these receivables is as follows:

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 1 – 30 days | **733** | 567 |
| 31 – 60 days | **58** | 96 |
| Over 60 days | **108** | 73 |
| | **899** | 736 |

The maximum exposures of the Group to credit risk as at 31 March 2013 and 2014 are the carrying value of trade receivables mentioned above.

The Group does not hold any collateral as security for trade receivables.

## 9. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Other receivables | **567** | 260 |
| Deposits and prepayments | **5,063** | 11,141 |
| Deferred Listing expenses to be recognised as deduction in equity | **–** | 425 |
| | **5,630** | 11,826 |
| Less: non-current portion | | |
| Deposits and prepayments | **(3,164)** | (2,261) |
| Deposits, prepayments and other receivables – current portion | **2,466** | 9,565 |

## 10. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade payables | **24,920** | 24,531 |
| Accruals and other payables | | |
| Accrued expenses | **11,440** | 7,517 |
| Advanced receipt from customers | **3,186** | 3,655 |
| Other payables | **1,658** | 3,302 |
| | **16,284** | 14,474 |
| Trade payables, accruals and other payables | **41,204** | 39,005 |

Payment terms granted by suppliers are mainly on credit. The credit period ranges from 30 to 90 days.

The ageing analysis of the trade payables based on invoice date is as follows:

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 1 – 30 days | **9,043** | 9,241 |
| 31 – 60 days | **4,467** | 3,746 |
| 61 – 90 days | **5,732** | 6,331 |
| Over 90 days | **5,678** | 5,213 |
| | **24,920** | 24,531 |

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

On 3 December 2013, the Group completed its initial public offering ("**IPO**") with its shares successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The IPO has not only enabled the management team to focus on the development of the printing business; it also provided investors with a clearer and more independent view on the operation and financial position of the commercial printing business.

For the year ended 31 March 2014, the Group recorded a revenue of HK$304,562,000, an increase of 7.1% as compared with that of the corresponding year ended 31 March 2013. Gross profit margin was 37.6% which was 1.4% higher than the corresponding year ended 31 March 2013. Audited profit attributable to equity holders for the year ended 31 March 2014 before taking into account of the Listing expenses relating to the Share Offer of HK$17,626,000 and share-based payments of HK$1,696,000, amounted to approximately HK$40,899,000. After taking into account the aforesaid Listing expenses and share-based payments, the Group's audited profit attributable to equity holders for the year ended 31 March 2014 was HK$21,577,000.

The Group has a leading position in supplying online printing services and customised printed products, targeting at a large and diverse customer group comprising primarily SMEs, design houses, education institutes and individual customers, for instance, students. As at 31 March 2014, the Company has 16 retail stores, 4 localised websites which provide internet-based graphic design software and editing tools that allow customers to design their desired products by themselves, and computer-integrated printing facilities in Hong Kong.

The Group will continue to strengthen its market position and increase the market share by making use of the following competitive advantages:

- Well-positioned to seize enormous online market potential
- Comprehensive information technology infrastructure and unique eprint system which is automatically operated
- Production facilities located in Hong Kong with more potential to capture more business opportunities
- Well-recognised local brand

**Outlook**

Although the Group was affected by fierce industry competition, high cost of production and shortage of labour supply, the Group has still achieved a growth in gross profit margin. For the coming years, Hong Kong market is still the Group's major market, which is expected to remain stable. Nevertheless, the Group will continue to strive for diversifying its business, strengthening the development of products with higher profit margin, obtaining engagements from new customers and market, enhancing the production processes, reinforcing internal controls and implementing stringent control over the cost in order to achieve stable profit growth of the Group. Meanwhile, the Group will look for new business opportunities from time to time to strengthen its market position and implement the future plan of business strategy stated in the Company's prospectus dated 20 November 2013 (the "**Prospectus**").

In May 2014, the Group formed a joint venture company "e-banner Limited" with TBC Group Limited, an independent third party, which is engaged in banner design and printing business in Hong Kong. The formation of e-banner Limited can diversify the Group's business and product portfolio and create synergy effect with the existing printing business of the Group.

Under the leadership of the Board, management of the Group has formed a broad consensus in response to the key improvement areas in the existing business operation and market expansion in order to further enhance the Group's overall competitiveness.

**Financial Review**

*Revenue*

Income from the provision of printing services in Hong Kong increased by approximately HK$20.1 million or 7.1% from approximately HK$284.5 million for the year ended 31 March 2013 to approximately HK$304.6 million for the year ended 31 March 2014. Such increase was primarily due to the increase of average monthly orders. The following table sets forth a breakdown of the revenue by service category and their respective percentage of the total revenue for the years indicated.

| | **2014** | | 2013 | |
|---|---|---|---|---|
| | ***HK$'000*** | | *HK$'000* | |
| Advertising printing | **125,240** | **41.2%** | 123,079 | 43.3% |
| Bound book printing | **91,161** | **29.9%** | 82,805 | 29.1% |
| Stationery printing | **79,527** | **26.1%** | 71,685 | 25.2% |
| Other services | **8,634** | **2.8%** | 6,929 | 2.4% |
| Total | **304,562** | **100.0%** | 284,498 | 100.0% |

Sales mix remained relatively stable and advertising printing was our primary printing service that accounted for approximately 41% and 43% of our total revenue for the years ended 31 March 2014 and 2013, respectively.

| | **2014** | | 2013 | |
|---|---|---|---|---|
| **Sales Channels** | ***HK$'000*** | | *HK$'000* | |
| Stores | **110,470** | **36.3%** | 114,254 | 40.1% |
| Websites | **115,228** | **37.8%** | 100,054 | 35.2% |
| Others *(Note)* | **78,864** | **25.9%** | 70,190 | 24.7% |
| Total | **304,562** | **100.0%** | 284,498 | 100.0% |

*Note:* "Others" refers to revenue derived from orders received over the telephone, through e-mail, e-print mobile application and "Photobook" program.

Websites sales channel contributed approximately 38% of total revenue for the year ended 31 March 2014, which accounted for approximately 15.2% increase as compared with that of the year ended 31 March 2013. Such increase was primarily due to the continuous improvement in our online self-service ordering platform.

*Other income*

Other income primarily comprises sales of scrap materials, such as used zinc printing plates and paper scrap, license fee income from a Group's joint venture and management fee received from several companies controlled by certain directors of the Company.

*Other losses – net*

Other losses – net primarily comprises loss on disposal of plant and equipment and foreign exchange loss.

*Selling and distribution expenses*

Selling and distribution expenses primarily consist of delivery expenses, handling charges for electronic payments received, and store rentals as well as advertising and marketing expenses. Selling and distribution expenses represent approximately 5.8% and 5.6% of the revenue for the years ended 31 March 2014 and 2013, respectively.

*Administrative expenses*

Administrative expenses primarily comprise staff costs, outsourced customer support expenses, information technology support services expenses, office rental and utilities, depreciation, internet and telephone expenses, Listing expenses and other miscellaneous administrative expenses. Administrative expenses represent approximately 24.7% and 14.6% of the total revenue for the years ended 31 March 2014 and 2013, respectively. The increase in administrative expenses was primarily due to the Listing expenses of approximately HK$17.6 million and share-based payments of approximately HK$1.7 million.

Listing expenses represent professional fees, printing fee and underwriting commission and fees, other direct expenses incurred in connection with the listing. Listing expenses borne by the Company are approximately HK$31.0 million, of which approximately HK$12.1 million is directly attributable to the issue of new shares to the public and accounted for as a deduction from equity and the remaining amount of approximately HK$18.9 million is accounted for in the consolidated statement of comprehensive income. During the years ended 31 March 2014 and 2013, the amounts of approximately HK$17.6 million and approximately HK$1.3 million have been reflected in the consolidated statement of comprehensive income, respectively.

*Finance income*

Finance income primarily consists of interest income from bank deposits.

*Finance costs*

Finance costs primarily consist of interest expenses on bank borrowings and finance charges on obligations under finance lease.

*Share of profits of joint ventures*

Share of profits of joint ventures represent the share of profit of the Group's joint ventures in each year using equity method of accounting. During the year, the Company had two entities jointly controlled in Hong Kong and Malaysia, respectively.

*Profit and total income*

Profit significantly decreased by approximately HK$21.2 million or 49.8%, from approximately HK$42.6 million for the year ended 31 March 2013 to approximately HK$21.4 million for the year ended 31 March 2014. Net profit margin also significantly decreased from approximately 15.0% for the year ended 31 March 2013 to approximately 7.0% for the year ended 31 March 2014. The decreases in net profit and net profit margin primarily reflected Listing expenses of approximately HK$17.6 million and share-based payments of approximately HK$1.7 million incurred during the year.

*Profit and total income (excluding Listing expenses and share-based payments)*

If excluding the Listing expenses and share-based payments, profit decreased by approximately HK$3.2 million or 7.3%, from approximately HK$43.9 million for the year ended 31 March 2013 to approximately HK$40.7 million for the year ended 31 March 2014. Net profit margin also decreased from approximately 15.4% for the year ended 31 March 2013 to approximately 13.4% for the year ended 31 March 2014. The decrease in our net profit and net profit margin (excluding Listing expenses and share-based payments) primarily reflected by the increase in employee benefits expenses (excluding share-based payments) by approximately HK$12.6 million or 21.3%, from approximately HK$59.1 million for the year ended 31 March 2013 to approximately HK$71.7 million for the year ended 31 March 2014. Such increase was primarily due to the increase of headcount in order to cope with our business growth.

*Liquidity and Financial Information*

As at 31 March 2014, the total amount of bank deposit, bank balances and cash of the Group was approximately HK$134.0 million, an increase of approximately HK$62.9 million compared with that as at 31 March 2013. The increase was mainly arising from the net proceeds of the IPO. As at 31 March 2014, the financial ratios of the Group were as follows:

| | **As at 31 March 2014** | As at 31 March 2013 |
|---|---|---|
| Current ratio (1) | **2.3** | 1.1 |
| Gearing ratio (2) | **21.8%** | 96.2% |

*Notes:*

(1) Current ratio is calculated based on total current assets divided by total current liabilities.

(2) Gearing ratio is calculated based on total borrowings and obligation under finance leases divided by total equity and multiplied by 100%.

*Borrowings*

The Group had bank borrowings as at 31 March 2014 in the sum of approximately HK$9.7 million. All bank borrowings were made from a bank in Hong Kong and were repayable within one year. The carrying amounts of bank borrowings are denominated in Hong Kong dollars and approximate their fair values. No financial instruments were used for hedging purposes, nor were there any foreign currency net investments hedged by current borrowings and/or other hedging instruments. The weighted average interest rate (per annum) was 5.0%.

*Treasury Policies*

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets liabilities and other commitments can meet its funding requirements from time to time.

*Capital Structure*

The shares of the Company were listed on the Stock Exchange on 3 December 2013. There has been no change in the capital structure of the Company since that date. The capital of the Company comprises ordinary shares and other reserves.

*Capital Commitments*

As at 31 March 2014 and 2013, the Group has capital commitments of HK$0.9 million and HK$2.6 million, respectively.

*Significant Investments Held*

Except for investments in subsidiaries and joint ventures, the Group did not hold any significant investment in equity interest in any other company during the year.

*Future Plans for Material Investments and Capital Assets*

Except for aforesaid investment and save as disclosed in the Prospectus, the Group did not have other plans for material investments and capital assets.

*Material Acquisitions*

Save for the reorganisation in preparation for the listing of the Company's shares on the Stock Exchange as more particularly described in the Prospectus, the Group did not have any material acquisition or disposal of subsidiaries or associates during the year ended 31 March 2014.

*Exposure to Foreign Exchange Risk*

The Group operates principally in Hong Kong and its business is supported by an information technology support services centre located in the PRC. The Group is exposed to foreign exchange risk arising from the exposure of Renminbi against Hong Kong dollars. The Group does not hedge its foreign exchange risk as its exposure to foreign exchange risk is low as the Group's cash flows mainly denominated in Hong Kong dollars.

*Charge of Assets*

As at 31 March 2014 and 2013, the Group pledged the plant and machinery with a carrying value of approximately HK$44.1 million and HK$52.0 million respectively, as collaterals to secure the Group obligation under finance leases.

*Contingent Liabilities*

The Group had no material contingent liabilities as at 31 March 2014 and 31 March 2013.

*Use of Proceeds*

The Company was listed on the Stock Exchange on 3 December 2013 and raised net proceeds from IPO of approximately HK$66.5 million. During the period between the listing date and 31 March 2014, HK$4.8 million of the net proceeds from the listing were utilised in accordance with the proposed applications set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus. The unused proceeds were deposited in licensed banks in Hong Kong.

*Capital Expenditure*

During the year, the Group invested approximately HK$13.1 million in property, plant and equipment, represented a reduction of about 56.0% from capital expenditure of last year.

## EMPLOYEES AND EMOLUMENT POLICIES

As at 31 March 2014, the Group had 463 full time employees. There is no significant change in the Group’s emolument policies. On top of basic salaries, bonuses may be paid by reference to the Group’s performance as well as individual’s performance. Other staff benefits include contributions to Mandatory Provident Fund retirement benefits scheme in Hong Kong and the provision of pension funds, medical insurance, unemployment insurance and other relevant insurance for employees who are employed by the Group pursuant to the PRC rules and regulations and the prevailing regulatory requirements of the PRC. On 9 May 2014, the Board resolved the cancellation of 12,500,000 pre-IPO share options granted on 13 November 2013 pursuant to the pre-IPO share option scheme adopted on 13 November 2013. For further details regarding the cancellation, please refer to the announcement of the Company dated 9 May 2014.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities since the date of listing of the Company's securities on the Stock Exchange on 3 December 2013 up to the date of this announcement.

## CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to ensuring and maintaining high standards of corporate governance.

The Company had complied with the applicable code provisions in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix 14 to the Listing Rules, since the date of listing of the Company's shares on the Stock Exchange on 3 December 2013 save for the deviation as explained below.

Code provision A.2.1 of the CG Code provides that the roles of the chairman and chief executive officer should be separated and should not be performed by the same individual. The Company does not at present separate the roles of the chairman and chief executive officer. Mr. She Siu Kee William is the chairman and chief executive officer of the Company. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board further believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by the current Board which comprises experienced and high calibre individuals with sufficient number thereof being independent non-executive directors.

The Board will continue to review and further improve the Company's corporate governance practices and standards, so as to ensure that its business activities and decision-making processes are regulated in a proper and prudent manner.

## AUDIT COMMITTEE

The Company established an audit committee (the "**Audit Committee**") on 13 November 2013 with written terms of reference in compliance with the CG Code, and currently comprises three independent non-executive directors, namely Ms. Luk Mei Yan (as chairlady), Dr. Lung Cheuk Wah and Mr. Chi Man Shing Stephen. The primary duties of the Audit Committee are to review the financial reporting process and internal control system of the Group. The Audit Committee has reviewed the Company's annual results for the year ended 31 March 2014.

## REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2014 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

## FINAL DIVIDEND

The directors of the Company recommend the payment of a final dividend of HK$0.04 (2013: Nil) per share for the year ended 31 March 2014. Subject to the approval of the shareholders of the Company at the forthcoming annual general meeting to be held on 8 August 2014 ("**2014 AGM**"), the proposed final dividend will be payable on Thursday, 28 August 2014 to the shareholders whose names appear on the register of members of the Company on Tuesday, 19 August 2014.

## CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the shareholders entitled to attend and vote at the 2014 AGM, the register of members of the Company will be closed from Wednesday, 6 August 2014 to Friday, 8 August 2014, both days inclusive, during which period no transfer of shares will be effected. All transfers accompanied by the relevant certificates must be lodged with the Company's transfer office and share registrar in Hong Kong, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 5 August 2014.

For determining the entitlement of the shareholders to the final dividend, the register of members of the Company will be closed from Monday, 18 August 2014 to Tuesday, 19 August 2014, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfers of shares accompanies by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited for registration not later than 4:30 p.m. on Friday, 15 August 2014.

**BOARD OF DIRECTORS**

As at the date of this announcement, the Board comprises Mr. She Siu Kee William, Mr. Tsui Pak Wai and Mr. Fung Hong Keung, as executive directors, Mr. Lam Shing Kai, Mr. Leung Wai Ming, Mr. Leung Yat Pang and Mr. Chong Cheuk Ki as non-executive directors and Dr. Lung Cheuk Wah, Mr. Chan Chi Yu, Mr. Chi Man Shing Stephen and Ms. Luk Mei Yan as independent non-executive directors.

By order of the Board
**eprint Group Limited**
**Fung Hong Keung**
*Company Secretary*

Hong Kong, 20 June 2014