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eprint GROUP LIMITED
eprint 集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1884)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

FINANCIAL HIGHLIGHTS

	For the six months ended 30 September		
	2015	2014	Change
	HK$'000	*HK$'000*	
	(Unaudited)	(Unaudited)	
Operating Results			
Revenue	**190,466**	156,816	21.5%
– *Paper printing segment (e-print segment)*	**167,809**	156,816	7.0%
– *Banner printing segment (e-banner segment)*	**22,657**	–	N/A
Segment results			
– *Paper printing segment (e-print segment)*	**17,685**	16,904	4.6%
– *Banner printing segment (e-banner segment)*	**(4,894)**	–	N/A
Profit for the period attributable to equity holders of the Company	**13,239**	14,661	(9.7%)
Net profit margin % (Attributable to equity holders of the Company)	**7.0%**	9.3%	
Gross profit margin %	**35.7%**	37.6%	
Basic earnings per share (HK Cents)	**2.57**	2.93	

	As at 30 September 2015	As at 31 March 2015	Change
	HK$'000	*HK$'000*	
	(Unaudited)	(Audited)	
Financial Position			
Total assets	**298,629**	237,849	25.6%
Total equity	**206,228**	160,999	28.1%
Cash and cash equivalents	**118,021**	118,208	(0.2%)

The board (the "**Board**") of directors (the "**Directors**") of eprint Group Limited (the "**Company**") announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 September 2015, together with the comparative figures for the corresponding period in 2014.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2015

		Six months ended 30 September	
		2015	2014
	Note	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**190,466**	156,816
Cost of sales		**(122,531)**	(97,841)
Gross profit		**67,935**	58,975
Other income		**4,326**	3,627
Other losses – net		**(3,346)**	(689)
Selling and distribution expenses		**(16,798)**	(9,668)
Administrative expenses		**(39,326)**	(35,341)
Operating profit	*4*	**12,791**	16,904
Finance income		**1,054**	1,276
Finance costs		**(605)**	(434)
Finance income – net	*5*	**449**	842

	Note	Six months ended 30 September 2015 HK$'000 (Unaudited)	2014 HK$'000 (Unaudited)
Share of profit/(losses) of joint ventures – net		**328**	(195)
Share of loss of an associate		**(13)**	–
Profit before income tax		**13,555**	17,551
Income tax expense	*6*	**(2,857)**	(2,905)
Profit for the period		**10,698**	14,646
Other comprehensive income:			
Item that may be subsequently reclassified to profit or loss			
Currency translation differences		**(868)**	(17)
Total comprehensive income for the period		**9,830**	14,629
Profit for the period attributable to:			
Equity holders of the Company		**13,239**	14,661
Non-controlling interest		**(2,541)**	(15)
		10,698	14,646
Earnings per share for profit attributable to equity holders of the Company during the period			
– basic and diluted (expressed in HK cents per share)	*7*	**2.57**	2.93
Total comprehensive income attributable to:			
Equity holders of the Company		**12,371**	14,644
Non-controlling interest		**(2,541)**	(15)
		9,830	14,629
Dividends	*8*	**13,200**	14,650

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2015

	Note	**As at 30 September 2015 *HK$'000* (Unaudited)**	As at 31 March 2015 *HK$'000* (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**110,421**	97,600
Goodwill	*12*	**725**	–
Investments in joint ventures		**4,385**	6,401
Investment in an associate		**4,547**	–
Deferred income tax assets		**13**	–
Held-to-maturity investments	*9*	**39,932**	–
Deposits and prepayments		**3,643**	1,865
		163,666	105,866
Current assets			
Inventories		**5,444**	3,229
Trade receivables	*10*	**3,804**	2,316
Deposits, prepayments and other receivables		**6,751**	4,658
Current income tax recoverable		**–**	1,279
Amounts due from related companies		**943**	2,293
Cash and cash equivalents		**118,021**	118,208
		134,963	131,983
Total assets		**298,629**	237,849
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		**5,500**	5,000
Share premium		**133,001**	80,357
Other reserves		**55,404**	57,998
Proposed interim dividend		**13,200**	–
Proposed final dividend		**–**	17,650
		207,105	161,005
Non-controlling interests		**(877)**	(6)
Total equity		**206,228**	160,999

	Note	As at 30 September 2015 HK$'000 (Unaudited)	As at 31 March 2015 HK$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Obligations under finance leases		**12,914**	6,969
Deferred income tax liabilities		**12,585**	12,172
		25,499	19,141
Current liabilities			
Trade payables	*11*	**25,729**	24,274
Accruals and other payables		**19,563**	19,322
Amounts due to directors		**275**	350
Borrowings		**5,922**	3,810
Amount due to a related company		**1,100**	–
Obligations under finance leases		**13,135**	9,953
Current income tax payable		**1,178**	–
		66,902	57,709
Total liabilities		**92,401**	76,850
Total equity and liabilities		**298,629**	237,849
Net current assets		**68,061**	74,274
Total assets less current liabilities		**231,727**	180,140

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

1 BASIS OF PREPARATION

This condensed interim consolidated financial information for the six months ended 30 September 2015 has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The condensed interim consolidated financial information should be read in conjunction with the Group's consolidated financial statements for the year ended 31 March 2015, which are prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

2 PRINCIPAL ACCOUNTING POLICIES

The accounting policies applied are consistent with those used in preparing the Group's financial statements for the year ended 31 March 2015, with the following additional accounting policies applied in current period:

Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associates include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit of investments accounted for using equity method' in the statement of comprehensive income.

Profits and losses resulting from upstream and downstream transactions between the group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognised in the statement of comprehensive income.

Held-to-maturity investments

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available for sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

Changes in accounting policy and disclosures

(a) The following amended standards and new interpretation are mandatory for the first time for the Group's accounting period beginning on 1 April 2015:

HKFRSs (Amendment)	Annual Improvements to HKFRSs 2010-2012 Cycle
HKFRSs (Amendment)	Annual Improvements to HKFRSs 2011-2013 Cycle
HKAS 19 (2011) Amendment	Defined benefit plans: Employee contributions

The Group has adopted these amended standards and interpretation which did not have a significant impact on the Group's results and financial position.

There are no other amended standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on the Group.

(b) The following new standards and amendments have been issued, but are not effective for the Group's accounting period beginning on 1 April 2015 and have not been early adopted:

		Effective for annual periods beginning on or after
HKFRSs (Amendment)	Annual Improvements to HKFRSs 2012-2014 Cycle	1 January 2016
HKAS 1 (Amendment)	The disclosure initiative	1 January 2016
HKAS 16 and HKAS 38 (Amendment)	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
HKAS 16 and HKAS 41 (Amendment)	Agriculture: bearer plants	1 January 2016
HKAS 27 (Amendment)	Equity method in separate financial statements	1 January 2016
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between and investor and its associate or joint venture	1 January 2016
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment entities applying the consolidation exception	1 January 2016
HKFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operations	1 January 2016
HKFRS 14	Regulatory deferral accounts	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2017
HKFRS 9	Financial instruments	1 January 2018

The Group has commenced an assessment of the impact of these new standards and amendments but is not yet in a position to state whether they would have a significant impact on its results of operations and financial position.

(c) Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

3 SEGMENT INFORMATION

The chief operating decision-maker has been identified as the board of directors of the Group. The chief operating decision-maker has determined the operating segments based on the reports reviewed by the Board of Directors of the Group, that are used to make strategic decisions and assess performance.

The chief operating decision-maker has determined the operating segments based on these reports. The Group is organised into two business segments:

(a) paper printing segment (mainly derived from the brand "e-print"); and

(b) banner printing segment (mainly derived from the brand "e-banner").

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-marker.

Management assesses the performance of the operating segments based on a measure of gross profit less distribution costs, administrative and selling expenses, and other operating expenses that are allocated to each segment. Other information provided is measured in a manner consistent with that in the financial statements.

Sales between segments are carried out at arm's length basis. The revenue from external parties reported to the chief operating decision-maker is measured in a manner consistent with that in the condensed interim consolidated statement of comprehensive income.

During the six months ended 30 September 2015 and 2014, no external customers contributed over 10% of the Group's revenue.

The following table presents revenue and profit information regarding the Group's operating segments for the six months ended 30 September 2015 and 2014 respectively:

	For the six months ended 30 September 2015			
	Paper Printing "e-print" *HK$'000* **(Unaudited)**	**Banner Printing "e-banner"** *HK$'000* **(Unaudited)**	**Eliminations** *HK$'000* **(Unaudited)**	**Total** *HK$'000* **(Unaudited)**
Segment revenue				
Revenue from external customers	**167,809**	**22,657**	**–**	**190,466**
Inter-segment revenue	**211**	**301**	**(512)**	**–**
Total	**168,020**	**22,958**	**(512)**	**190,466**
Segment results	**17,685**	**(4,894)**		**12,791**
Finance income				**1,054**
Finance costs				**(605)**
Share of profit of joint venture				**328**
Share of loss of an associate				**(13)**
Profit before income tax				**13,555**
Income tax expense				**(2,857)**
Profit for the period				**10,698**
Profit for the period attributable to:				
Equity holders of the Company				**13,239**
Non-controlling interest				**(2,541)**
				10,698

	For the six months ended 30 September 2014			
	Paper Printing "e-print" *HK$'000* (Unaudited)	Banner Printing "e-banner" *HK$'000* (Unaudited)	Eliminations *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Segment revenue				
Revenue from external customers	156,816	–	–	156,816
Segment results	16,904	–		16,904
Finance income				1,276
Finance costs				(434)
Share of losses of joint ventures				(195)
Profit before income tax				17,551
Income tax expense				(2,905)
Profit for the period				14,646
Profit for the period attributable to:				
Equity holders of the Company				14,661
Non-controlling interest				(15)
				14,646

4 OPERATING PROFIT

Operating profit is stated after charging the following:

	Six months ended 30 September 2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**(7,976)**	(5,927)
Provision for impairment of trade receivables	**–**	(9)
Recovery of trade receivables previously written off	**12**	18
Loss on disposal of property, plant and equipment	**(441)**	(796)
Transaction cost in relation to acquisition of a subsidiary *(Note 12)*	**(67)**	–
Share-based payments	**–**	(1,168)
Net exchange (loss)/gain	**(2,905)**	41
Gain on disposal of a subsidiary	**–**	66
Investment income	**1,098**	–

5 FINANCE INCOME – NET

	Six months ended 30 September 2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Finance income		
Interest income from bank deposits	**1,073**	1,237
Interest income from finance lease receivable to a joint venture	**–**	39
Unwinding of discount on held-to-maturity investments *(Note 9)*	**(19)**	–
	1,054	1,276
Finance costs		
Finance charge on obligations under finance lease	**(507)**	(390)
Interest expenses on borrowings	**(98)**	(44)
	(605)	(434)
Finance income – net	**449**	842

6 INCOME TAX EXPENSE

	Six months ended 30 September	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current income tax		
– Hong Kong profits tax	**2,457**	2,199
– PRC corporate income tax	**–**	2
Deferred income tax	**400**	704
Income tax expense	**2,857**	2,905

Taxation on profits has been calculated on the estimated assessable profits for the six months ended 30 September 2015 at the rates of taxation prevailing in the countries/places in which the Group operates. Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year.

7 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 six months ended 30 September 2014 and 2015.

	Six months ended 30 September	
	2015	2014
	(Unaudited)	(Unaudited)
Profit attributable to the equity holders of the Company *(HK$'000)*	**13,239**	14,661
Weighted average number of ordinary shares in issue *(thousands)*	**514,208**	500,000
Basic earnings per share *(HK cents)*	**2.57**	2.93

(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 Company had no dilutive shares for the six months ended 30 September 2015. For the six months ended 30 September 2014, 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.

	Six months ended 30 September 2014 (Unaudited)
Profit attributable to the equity holders of the Company *(HK$'000)*	14,661
Weighted average number of ordinary shares in issue *(thousands)*	500,000
Adjustments for:	
– Share options *(thousands)*	654
Weighted average number of ordinary shares for diluted earnings per share *(thousands)*	500,654
Diluted earnings per share *(HK cents)*	2.93

8 DIVIDENDS

A final dividend of HK$19,415,000 that relates to the year ended 31 March 2015 was paid in August 2015 (2014: HK$20,000,000).

	Six months ended 30 September	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interim dividend declared of HK2.40 cents per share (2014: HK2.93 cents per share)	**13,200**	14,650

The Board of Directors of the Company resolved to declare the payment of an interim dividend of HK2.40 cents per ordinary share for the six months ended 30 September 2015 (2014: HK2.93 cents per share). These financial statements do not reflect this dividend payable.

9 HELD-TO-MATURITY INVESTMENTS

	As at 30 September 2015	As at 31 March 2015
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Unlisted bonds securities at amortised costs	**39,932**	–

The movement in held-to-maturity investments is summarised as follows:

	Six months ended 30 September	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
At beginning of the period	**–**	–
Additions	**39,951**	–
Unwinding of discount on held-to-maturity investments *(Note 5)*	**(19)**	–
At end of the period	**39,932**	–

There were no provison for impairment of held-to-maturity investment as at 30 September 2015 and 30 September 2014.

The fair values of unlisted securities are based on cash flows discounted using a rate based on the market interest rate and the risk premium specific to the unlisted securities (For the six months ended 30 September 2015: 18.7%). The fair values are within level 2 of the fair value hierarchy.

Held-to-maturity investments are denominated in the following currencies:

	As at 30 September 2015	As at 31 March 2015
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
HK dollar	**30,000**	–
US dollar	**9,932**	–
Total	**39,932**	–

The maximum exposure to credit risk at the reporting date is the carrying value of the debt securities classified as held-to-maturity investments. None of these financial assets is either past due or impaired.

10 TRADE RECEIVABLES

The Group's credit terms granted to customers of printing services are mainly cash on delivery and on credit. Our average credit period offered to customers ranges from 30 days to 60 days.

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

	As at 30 September 2015 *HK$'000* **(Unaudited)**	As at 31 March 2015 *HK$'000* (Audited)
Up to 30 days	**2,554**	1,980
31 – 60 days	**767**	251
Over 60 days	**483**	85
	3,804	2,316

11 TRADE PAYABLES

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

	As at 30 September 2015 *HK$'000* **(Unaudited)**	As at 31 March 2015 *HK$'000* (Audited)
Up to 30 days	**12,280**	9,955
31 – 60 days	**4,952**	4,198
61 – 90 days	**4,611**	5,391
Over 90 days	**3,886**	4,730
	25,729	24,274

12 BUSINESS COMBINATION

As at 31 March 2015, e-banner Limited ("**e-banner**") was a joint venture of the Group, in which the Group held 40% equity interest. e-banner is engaged in developing, producing, marketing and sale of banners, display stands, posters and display partitions and other related products in Hong Kong.

On 30 March 2015, eprint Holdings Limited ("**eprint Holdings**"), a wholly-owned subsidiary of the Company, entered into a Sale and Purchase Agreement with TBC Group Limited (the "**seller**"), under which eprint Holdings agreed to purchase additional 11% equity interest in e-banner from the seller for a cash consideration of HK$1,100,000.

Upon the completion of acquisition on 1 April 2015, the equity interest in e-banner held by eprint Holdings was 51% and the Group exercises control by appointment of majority of directors to the board of e-banner. As a result, e-banner became a subsidiary of the Group. The acquisition is expected to create synergy effect with the Group in terms of customers and technologies, and represents an opportunity for the Group to further widen its earning base and enhance its capital utilisation efficiency. None of the goodwill recognised is expected to be deductible for income tax purposes. At the date of acquisition, goodwill of HK$725,000 has been determined provisionally based on the net identifiable assets of e-banner.

The goodwill of HK$725,000 arises from a number of factors including expected synergies through combining a highly skilled workforce and obtaining greater production efficiencies through knowledge transfer; obtaining economies of scale by cost reductions from sharing resources; and unrecognised assets such as the workforce.

The following table summarises a provisional purchase price allocation at the acquisition date.

	As at 1 April 2015 *HK$'000* (Unaudited)
Purchase consideration	
Cash paid	**1,100**
Equity interest held as a joint venture of the Group at the acquisition date	**1,362**
Total purchase consideration	**2,462**

Recognised amounts of identifiable assets acquired and liabilities assumed

Provisional fair value

	As at 1 April 2015 *HK$'000* (Unaudited)
Machinery and equipment	**16,198**
Other non-current assets	**2,607**
Inventories	**1,029**
Cash and cash equivalents	**3,174**
Other current assets	**1,621**
Other non-current liabilities	**(8,867)**
Other current liabilities	**(5,661)**
Trade and other payables and accruals	**(6,694)**
Total identifiable net assets	**3,407**
Non controlling interest	**(1,670)**
Goodwill	**725**
	2,462
Acquisition-related costs (included in administrative expenses in the interim consolidated income statement for the period ended 30 September 2015)	**67**
Outflow of cash to acquire business, net of cash acquired	
Cash consideration	**(1,100)**
Cash and banks in subsidiary acquired	**3,174**
Cash inflow on acquisition	**2,074**

The Group has chosen to recognise e-banner's non-controlling interest at their proportional share of e-banner's fair value of total identifiable net assets.

The acquired business contributed revenue of HK$22,549,000 and net loss of HK$3,630,000 to the equity holders and non-controlling interest of the Company for the period from 1 April 2015 to 30 September 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 30 September 2015, the Group's revenue amounted to approximately HK$190.5 million, an increase of 21.5% as compared with the same period last year. The Group's unaudited profit attributable to equity holders for the six months ended 30 September 2015 was HK$13.2 million, a decrease of 9.7% as compared with the same period last year. Net profit margin (profit attributable to equity holders of company) was 7.0%, representing a decrease of 2.3% as compared with the same period last year.

The decrease was mainly due to the increase in loss of the banner printing segment (e-banner segment) result, which includes two subsidiaries incorporated in Hong Kong and a Malaysian subsidiary newly operated during the six months ended 30 September 2015. However, the paper printing segment (e-print segment) result recorded an operating profit of approximately HK$17.7 million, representing an increase of 4.6% as compared with the same period last year.

On 30 March 2015, eprint Holdings Limited ("**eprint Holdings**") as purchaser and TBC Group Limited as vendor, entered into the sale and purchase agreement pursuant to which eprint Holdings acquired an additional 11% of the issued shares of e-banner Limited ("**e-banner**") from TBC Group Limited. Upon completion of the acquisition on 1 April 2015, e-banner was owned as to 51% by eprint Holdings and became a subsidiary of the Group. The management of the Group believes that the operation of e-banner would create synergy effect with the Group in terms of customers and technologies and represent an opportunity for the Group to further widen its earning base and enhance its capital utilisation efficiency. The Group plans to expand the business of e-banner to overseas markets, including Malaysia and Australia.

In March 2015, eprint Digital Holding Limited ("**eprint Digital**") established a subsidiary, Ebanner Solution Sdn. Bhd. ("**Ebanner Solution**") with an independent third party. eprint Digital, through an investment holding subsidiary, Digital Printing Centre Limited, has a 51% shareholding in Ebanner Solution, which is principally engaged in developing, producing, marketing and sale of banners, display stands, posters and display partitions and other related products in Malaysia. The formation of Ebanner Solution can diversify the Group's business and expand its business to the overseas market. In July 2015, Ebanner Solution has started operating its factory and a retail store in Malaysia.

On 30 March 2015, the Company and Shantou Dongfeng Printing Company Limited ("**Shantou Dongfeng**") entered into the framework agreement for the formation of the project company for the internet design and printing business in the People's Republic of China ("**PRC**") excluding the existing business of the Group and Shantou Dongfeng. The Company and Shantou Dongfeng will invest a total of RMB25 million (equivalent to approximately HK$31.3 million) in the project company and their equity interests in the project company will be 30% and 70% respectively. Up to 30 September 2015, the project company was set up and both parties have completed the capital injection of a total of RMB12.5 million (equivalent to approximately HK$15.6 million). The parties targeted to launch the internet platform and relevant products by the end of the financial year ending 31 March 2016.

OUTLOOK

Looking forward to the second half of the financial year ending 31 March 2016, as far as the management is aware, there is neither recent industry or regulatory changes nor unfavorable trends or developments which may have a material adverse impact on the Group's operations, business and financial performance. Nevertheless, the Group will continue to strive for diversifying its business, including but not limit to a newly set up software company and investments in a fitness business and a financial printing business under consideration, reinforcing internal controls and implementing stringent control over the cost in order to achieve a stable profit growth of the Group. Meanwhile, the Group will look for new business opportunities from time to time to strengthen its market position.

On 11 August 2015, the Company entered into a non-legally binding memorandum of understanding with Fitness World (Group) Limited ("**Fitness World**"), pursuant to which the Company or any of its designated subsidiaries shall subscribe for new shares in Fitness World representing 30% of its issued share capital. Fitness World is principally engaged in fitness services which includes a combination of philosophy of 'exercise, medical treatment, preserve health'. The Directors consider that this investment enables the Group to diversify its business by utilising its system technology.

On 10 November 2015, e-banner, a 51% owned subsidiary of the Company, entered into an agreement to establish a company ("**Software Company**") with an independent third party to engage in the business of developing and designing mobile application solutions ("**App Solutions Business**"). Pursuant to the agreement, e-banner and the partner shall hold respective 70% and 30% shareholding interest in the Software Company. The Board considers that this investment can diversify and strengthen the income stream of the Group as well as bringing synergy to its existing printing business. Up to the date of this announcement, the Software Company was incorporated and expected to generate revenue in the next financial year.

On 19 November 2015, the Company entered into a non-legally binding memorandum of understanding with a financial printing company, pursuant to which the Company or any of its designated subsidiaries may subscribe for new shares in the financial printing company at such percentage as may be agreed between the parties. The financial printing company provides time-sensitive financial printing and commercial design solutions to businesses in Hong Kong, as well as competitive service and support to meet the printing needs of customers for their initial public offering. The Directors consider that the proposed subscription will enable the Group to expand its printing business into high-end financial printing market to meet the printing needs of its existing customers, and raise the Group's position in the printing industry in Hong Kong.

Under the leadership of the Board, the 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.

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

- Well-recognised local brand

FINANCIAL REVIEW

Revenue

Income from the provision of printing services in Hong Kong increased by approximately HK$33.7 million or 21.5% from approximately HK$156.8 million for the six months ended 30 September 2014 to approximately HK$190.5 million for the six months ended 30 September 2015. Such increase was primarily due to the acquisition of e-banner and an 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 periods indicated.

	Six months ended 30 September			
	2015		2014	
	HK$'000		*HK$'000*	
Advertising printing	**68,008**	**35.7%**	65,074	41.5%
Bound book printing	**50,560**	**26.6%**	45,810	29.2%
Stationery printing	**43,582**	**22.9%**	41,547	26.5%
Banner printing	**21,404**	**11.2%**	–	–
Other services	**6,912**	**3.6%**	4,385	2.8%
Total	**190,466**	**100%**	156,816	100%

The new category of banner printing contributed approximately 11.2% of our total revenue for six months ended 30 September 2015, while advertising printing remained our primary printing service that accounted for approximately 35.7% and 41.5% of our total revenue for six months ended 30 September 2015 and 2014, respectively.

	Six months ended 30 September			
	2015		2014	
Sales channels	***HK$'000***		*HK$'000*	
Stores	**57,197**	**30.0%**	58,898	37.6%
Websites	**79,907**	**42.0%**	61,507	39.2%
Others *(Note)*	**53,362**	**28.0%**	36,411	23.2%
Total	**190,466**	**100.0%**	156,816	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 42.0% of total revenue for the six months ended 30 September 2015, which accounted for approximately 29.9% increase as compared with that of the six months ended 30 September 2014. Such increase was primarily due to the continuous improvement in our online self-service ordering platform. The contribution from other channels increased from approximately 23.2% of total revenue for the six months ended 30 September 2014, to approximately 28.0% of total revenue for the six months ended 30 September 2015. Such increase was primarily due to the Group's banner business relying more on sales team receiving customer orders via phone call and e-mail.

Other income

Other income primarily comprises interest income from held-to-maturity investments, sales of scrap materials, such as used zinc printing plates and paper scrap, equipment rental income and license fee income received from the Group's joint venture.

Other losses – net

Other losses – net primarily comprises net loss on disposal of plant and equipment and net foreign exchange loss. The increase in amount during the six months ended 30 September 2015 compared to that of the six months ended 30 September 2014 was primarily due to the unrealised exchange loss arisen from the Renminbi-denominated monetary assets.

Selling and distribution expenses

Selling and distribution expenses primarily consist of staff costs for the sales team, delivery expenses, handling charges for electronic payments received, and store rentals as well as advertising and marketing expenses. Selling and distribution expenses represent approximately 8.8% and 6.2% of the revenue for the six months ended 30 September 2015 and 2014, respectively. Such an increase was primarily due to the additional staff costs of the sales team from the new banner business.

Administrative expenses

Administrative expenses primarily comprise directors' fees, staff costs, outsourced customer support expenses, information technology support services expenses, office rental and utilities, depreciation, internet and telephone expenses, professional expenses and other miscellaneous administrative expenses. Administrative expenses represent approximately 20.6% and 22.5% of the total revenue for the six months ended 30 September 2015 and 2014, respectively. The increase in administrative expenses was primarily due to the outsourced customer support expenses incurred increased by HK$4.3 million from approximately HK$6.3 million for the six months ended 30 September 2014 to HK$10.6 million for the six months ended 30 September 2015.

Finance income

Finance income primarily consists of interest income from cash and cash equivalents.

Finance costs

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

Share of profit/(losses) of joint ventures – net

Share of profit/(losses) of joint ventures – net represents the share of losses or profits of the Group's joint ventures in each period using equity method of accounting. During the period under review, the Company had one entity jointly controlled in Malaysia. The losses for the six months ended 30 September 2014 were primarily due to the share of loss of e-banner, which became a subsidiary of the Group since 1 April 2015 and is no longer a joint venture.

Profit and total income

Profit decreased by approximately HK$3.9 million or 26.7%, from approximately HK$14.6 million for the six months ended 30 September 2014 to approximately HK$10.7 million for the six months ended 30 September 2015. Net profit margin also decreased from approximately 9.3% for the six months ended 30 September 2014 to approximately 7.0% for the six months ended 30 September 2015. The decreases in net profit and net profit margin were primarily due to the operating loss of the banner printing segment (e-banner segment) of approximately HK$4.9 million for the six months ended 30 September 2015, offset by the increase in operating profit of the paper printing segment (e-print segment) of approximately HK$0.8 million.

Liquidity and Financial Information

As at 30 September 2015, the total amount of bank balances and cash of the Group was approximately HK$118.0 million, a slight decrease of approximately HK$0.2 million compared with that as at 31 March 2015. As at 30 September 2015, the financial ratios of the Group were as follows:

	As at 30 September 2015	As at 31 March 2015
Current ratio [(1)]	**2.0**	2.3
Gearing ratio [(2)]	**15.5%**	12.9%

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 30 September 2015 and 31 March 2015 in the sum of approximately HK$5.9 million and HK$3.8 million respectively. All bank borrowings were made from banks in Hong Kong and were repayable within 3 years. The bank borrowing with repayable on demand clause was classified as current liabilities. 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 rates (per annum) were 3.7% for the six months ended 30 September 2015.

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. Surplus cash will be invested to meet the Group's cash need in support of the Group's strategy direction from time to time.

Capital structure

The capital of the Company comprises ordinary shares and other reserves. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 3 December 2013. During the period under review, the Company issued and allotted 50,000,000 new ordinary shares at HK$1.122 per share on 10 August 2015. As at 30 September 2015, the total number of issued ordinary shares of the Company was 550,000,000 shares.

Capital commitments

As at 30 September 2015 and 31 March 2015, the Group has capital commitments of HK$5.9 million for investment in an associate, purchase of computer equipment and machineries, and HK$1.6 million for investment in a joint venture and purchase of computer equipment, respectively.

Significant investments held

Except for the investments in joint ventures and the investment in an associate, the Group did not hold any significant investment in equity interest in any other company during the period under review. The held-to-maturity investments represent investments in corporate notes.

Future plans for material investments and capital assets

Except for the aforesaid investment, the Group did not have other plans for material investments and capital assets.

Material acquisitions

Except for the acquisition of the additional 11% of the equity interest in e-banner in the sum of HK$1.1 million on 1 April 2015, the Group did not have any material acquisition or disposal of associates, subsidiaries or joint ventures during the six months ended 30 September 2015.

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. The subsidiary in Malaysia is newly operated during the period. The exposure to foreign exchange risk arising from the exposure of Malaysian ringgit against Hong Kong dollars is considered as low to the Group.

Charge of assets

At 30 September 2015 and 31 March 2015, the Group pledged the plant and machinery with a carrying value of approximately HK$54.5 million and HK$40.7 million respectively, as collaterals to secure the Group's obligation under finance leases.

Use of proceeds

The Company's shares were listed on the Stock Exchange since 3 December 2013 and raised a net proceed from IPO of approximately HK$66.5 million. During the period between the listing date and 30 September 2015, HK$30.9 million of the net proceed 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.

On 12 August 2015, the Company raised a net proceeds of HK$53.1 million from the subscription for 50,000,000 new shares. The net proceeds were intended to be used for general working capital and business development of the Group. As at the date of this announcement, the actual use of proceeds has been used as intended.

Capital expenditure

During the period under review, the Group invested approximately HK$5.4 million in property, plant and equipment, represented a increase of about 42.1% in capital expenditure of the same period last year. The amount of HK$5.4 million excluded the property, plant and equipment acquired in the business combination.

EMPLOYEES AND EMOLUMENT POLICIES

As at 30 September 2015, the Group had 399 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 housing allowances, 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.

INTERIM DIVIDEND

The Board, after considering the liquidity position and operation of the Group, resolved to declare an interim dividend of HK2.40 cents per share, totaling HK$13,200,000 for the six months ended 30 September 2015 (2014: HK2.93 cents per share, totaling HK$14,650,000) payable on Friday, 18 December 2015 to the shareholders whose names appear on the register of members of the Company on Tuesday, 8 December 2015.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement of the shareholders to the interim dividend, the Register of Members of the Company will be closed on Tuesday, 8 December 2015, no transfer of shares will be registered on that date. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited for registration not later than 4:30 p.m. on Monday, 7 December 2015.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 September 2015.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, all the Directors have confirmed that they have complied with the required standards as set out in the Model Code for the six months ended 30 September 2015.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report ("**CG Code**") as set out in Appendix 14 to the Listing Rules.

To the knowledge of the Board, the Company had fully complied with the relevant code provisions in the CG Code for the six months ended 30 September 2015 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 non-executive Directors and independent non-executive Directors.

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 unaudited condensed interim consolidated financial information for the six months ended 30 September 2015 and took the view that the Company was in full compliance with all applicable accounting standards and regulations and has made adequate disclosure.

REVIEW OF INTERIM RESULTS

The unaudited condensed interim consolidated financial information for the six months ended 30 September 2015 has been reviewed by the Group's auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. The Audit Committee has reviewed the unaudited condensed interim consolidated financial information for the six months ended 30 September 2015.

INTERIM REPORT

The interim report of the Company for the six months ended 30 September 2015 will be published and dispatched to the equity holders of the Company in mid-December 2015.

On behalf of the Board
eprint Group Limited
Fung Hong Keung
Executive Director and Company Secretary

Hong Kong, 23 November 2015

As at the date of this announcement, the executive Directors are Mr. She Siu Kee William and Mr. Fung Hong Keung; the non-executive Directors are Mr. Lam Shing Kai, Mr. Leung Wai Ming, Mr. Chong Cheuk Ki and Mr. Deng Xiaen; and the independent non-executive Directors are Dr. Lung Cheuk Wah, Mr. Chi Man Shing Stephen and Ms. Luk Mei Yan.