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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 2022**

FINANCIAL HIGHLIGHTS

- The revenue of the Group amounted to approximately HK\$163.1 million for the six months ended 30 September 2022, representing an increase of approximately HK\$9.0 million as compared with the six months ended 30 September 2021.
- The profit for the period attributable to equity holders of the Company was approximately HK\$1.0 million for the six months ended 30 September 2022, representing a decrease of approximately 77.7% as compared with the six months ended 30 September 2021.
- The Board did not declare the payment of interim dividend for the six months ended 30 September 2022.

The board (the “**Board**”) of directors (the “**Directors**”) of eprint Group Limited (the “**Company**”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2022, together with the comparative figures for the corresponding period in 2021.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2022

		Six months ended	
		30 September	
		2022	2021
	<i>Note</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue		163,083	154,081
Cost of sales		(98,279)	(94,896)
Gross profit		64,804	59,185
Other income		2,710	1,480
Other losses – net		(5,574)	(472)
Selling and distribution expenses		(15,327)	(13,928)
Administrative expenses		(42,066)	(38,496)
Operating profit	<i>5</i>	4,547	7,769
Finance income		1,405	1,564
Finance costs		(678)	(502)
Finance income – net	<i>6</i>	727	1,062
Share of profits/(losses) of associates		3	(432)
Share of profits/(losses) of joint ventures		549	(999)
Profit before income tax		5,826	7,400
Income tax expense	<i>7</i>	(1,840)	(1,745)
Profit for the period		3,986	5,655
Other comprehensive loss:			
<i>Item that may be subsequently reclassified to profit or loss</i>			
Currency translation differences		(1,051)	(70)
Total comprehensive income for the period		2,935	5,585

		Six months ended	
		30 September	
		2022	2021
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Profit for the period attributable to:			
– Equity holders of the Company		1,003	4,493
– Non-controlling interest		2,983	1,162
		<u>3,986</u>	<u>5,655</u>
Earnings per share for profit attributable to equity holders of the Company during the period			
– Basic and diluted (expressed in HK cents per share)	8	<u>0.18</u>	<u>0.82</u>
Total comprehensive income for the period attributable to:			
– Equity holders of the Company		10	4,425
– Non-controlling interest		2,925	1,160
		<u>2,935</u>	<u>5,585</u>

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

		As at 30 September 2022 <i>HK\$'000</i> (Unaudited)	As at 31 March 2022 <i>HK\$'000</i> (Audited)
Assets			
Non-current assets			
Property, plant and equipment		95,703	98,815
Right-of-use assets		24,454	11,910
Intangible assets		7,763	7,904
Other financial assets at amortised cost		30,641	34,570
Investments in associates		1,424	1,421
Investments in joint ventures		12,038	12,303
Deferred income tax assets		1,048	2,379
Deposits and prepayments		7,589	1,780
		<u>180,660</u>	<u>171,082</u>
Current assets			
Inventories		8,057	9,562
Trade receivables	11	6,482	4,297
Deposits, prepayments and other receivables		10,170	15,459
Other financial assets at amortised cost		2,628	2,075
Financial assets at fair value through profit or loss	10	14,768	18,106
Amounts due from related companies		1,778	1,076
Cash and cash equivalents		136,333	113,911
		<u>180,216</u>	<u>164,486</u>
Total assets		<u><u>360,876</u></u>	<u><u>335,568</u></u>

		As at 30 September 2022 <i>HK\$'000</i> (Unaudited)	As at 31 March 2022 <i>HK\$'000</i> (Audited)
Equity			
Capital and reserves attributable to the equity holders of the Company			
Share capital		5,500	5,500
Share premium		132,921	132,921
Other reserves		103,387	103,377
		<u>241,808</u>	<u>241,798</u>
Non-controlling interests		11,395	8,470
		<u>253,203</u>	<u>250,268</u>
Liabilities			
Non-current liabilities			
Lease liabilities		8,205	3,493
Other payables		24	173
Deferred income tax liabilities		5,049	5,349
		<u>13,278</u>	<u>9,015</u>
Current liabilities			
Trade payables	12	17,353	11,951
Accruals and other payables		38,389	31,072
Borrowings		23,652	26,216
Lease liabilities		14,290	6,221
Amounts due to related companies		200	200
Amounts due to directors		128	195
Current income tax payable		383	430
		<u>94,395</u>	<u>76,285</u>
Total liabilities		<u>107,673</u>	<u>85,300</u>
Total equity and liabilities		<u>360,876</u>	<u>335,568</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL

eprint Group Limited (the “**Company**”) was incorporated in the Cayman Islands on 10 January 2013 as an exempted company with limited liability under the Companies Law (Revised) of the Cayman Islands. The Company’s registered office is situated at 4th Floor, Harbour Place, 103 South Church Street, George Town, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (the “**Group**”) are principally engaged in the provision of printing services and solutions on advertisement, bound book and stationery, to a diversified customer base in Hong Kong and provision of property agency services.

The Company is listing on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

This condensed interim consolidated financial information is presented in Hong Kong dollars, unless otherwise stated.

2 BASIS OF PREPARATION

This condensed interim consolidated financial information for the six months ended 30 September 2022 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 (the “**Listing Rules**”) on the Stock Exchange.

This condensed interim consolidated financial information should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 March 2022, which are prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies applied are consistent with those used in preparing the Group’s consolidated financial statements for the year ended 31 March 2022, except as stated below.

(a) Amended standards and revised conceptual framework adopted by the Group

The Group has applied the following amendments and revised conceptual framework for the accounting period beginning 1 April 2022 and are relevant to its operations:

Amendments to annual improvements project	Annual Improvements 2018-2020 cycle
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous contracts: Costs of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
HKFRS 3, HKAS 16 and HKAS 37 (Amendments)	Narrow-scope Amendments
Revised Accounting Guideline 5	Merger Accounting for Common Control Combination

The amendments and conceptual framework listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New standard, amendments and interpretation which are not yet effective for this financial period and have not been early adopted by the Group

Certain new accounting standards, amendments to existing standards and interpretation have been published that are not mandatory for the accounting period beginning 1 April 2022 and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions:

		Effective for accounting periods beginning on or after
Amendments to HKAS 1	Presentation of Financial Statements on Classification of Liabilities	1 January 2023
Amendments to HKAS 1 and Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Note
HKFRS 17	Insurance Contracts	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements	1 January 2023

Note: To be announced by HKICPA

The Group will adopt the new standards, amendments, and interpretation when they become effective. The Group is in the process of assessing the adoption of the new standards, amendments and interpretation and it is not expected to have any significant impact on the results and the financial position of the Group.

(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.

4 SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Executive Directors of the Company. The chief operating decision-maker has determined the operating segments based on the reports reviewed by the Executive Directors of the Company, 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 three business segments:

- (a) paper printing segment (mainly derived from the brand “**e-print**”);
- (b) banner printing segment (mainly derived from the brand “**e-banner**”); and
- (c) property agency services segment.

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

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

Sales between segments are carried out at arm’s length basis.

The subsidiary incorporated in the People’s Republic of China (the “**PRC**”) provides information technology (“**I.T.**”) support services within the Group. The subsidiary incorporated in Malaysia generated immaterial external revenue during the period. Since the Group mainly operates in Hong Kong and the Group’s assets are mainly located in Hong Kong, no geographical segment information is presented.

Information relating to segment liabilities is not disclosed as such information is not regularly reported to the chief operating decision-maker.

Revenue for the six months ended 30 September 2022 consists of the revenue from paper printing, banner printing and property agency services. The Group derives revenue from the sale of goods at a point in time and revenue from property agency services when the services are rendered at a point in time.

Revenue for the six months ended 30 September 2021 consists of the revenue from paper printing and banner printing. The Group derives all revenue from the sale of goods at a point in time.

During the six months ended 30 September 2022 and 2021, no external customers contributed over 10% of the Group’s revenue.

The following tables present revenue and segment results regarding the Group's reportable segments for the six months ended 30 September 2022 and 2021 respectively.

	For the six months ended 30 September 2022				
	Paper printing <i>HK\$'000</i> (Unaudited)	Banner printing <i>HK\$'000</i> (Unaudited)	Property agency services* <i>HK\$'000</i> (Unaudited)	Eliminations <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment revenue					
Revenue from external customers ¹	110,534	46,280	6,269	-	163,083
Inter-segment revenue	337	75	-	(412)	-
Total	<u>110,871</u>	<u>46,355</u>	<u>6,269</u>	<u>(412)</u>	<u>163,083</u>
Segment results	<u>(3,993)</u>	<u>8,493</u>	<u>47</u>		4,547
Unallocated:					
Finance income					1,405
Finance costs					(678)
Share of profits of associates					3
Share of profits of joint ventures					<u>549</u>
Profit before income tax					5,826
Income tax expense					<u>(1,840)</u>
Profit for the period					<u><u>3,986</u></u>
Other information:					
Amortisation of intangible assets	-	-	141		141
Depreciation of property, plant and equipment	4,339	723	73		5,135
Depreciation of right-of-use assets	6,113	3,135	280		9,528
Capital expenditure	1,337	739	-		2,076

For the six months ended 30 September 2021

	Paper printing <i>HK\$'000</i> (Unaudited)	Banner printing <i>HK\$'000</i> (Unaudited)	Property agency services* <i>HK\$'000</i> (Unaudited)	Eliminations <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment revenue					
Revenue from external customers ¹	119,331	34,750	N/A	–	154,081
Inter-segment revenue	300	17	N/A	(317)	–
Total	<u>119,631</u>	<u>34,767</u>	<u>N/A</u>	<u>(317)</u>	<u>154,081</u>
Segment results	<u>4,646</u>	<u>3,123</u>			7,769
Unallocated:					
Finance income					1,564
Finance costs					(502)
Share of losses of associates					(432)
Share of losses of joint ventures					(999)
Profit before income tax					7,400
Income tax expense					(1,745)
Profit for the period					<u>5,655</u>
Other information:					
Depreciation of property, plant and equipment	4,852	598	N/A		5,450
Depreciation of right-of-use assets	6,191	2,555	N/A		8,746
Capital expenditure	229	167	N/A		396

¹ Including revenue of approximately HK\$7,306,000 (six months ended 30 September 2021: HK\$6,584,000) derived from shipping service for the six months ended 30 September 2022.

*: No financial information for property agency services segment was provided for the six months ended 30 September 2021 as the financial results of property agency services segments have only been consolidated into the consolidated financial information of the Group upon the completion of the acquisition of Sakura Japan Property (Hong Kong) Limited on 23 November 2021.

The following tables present segment assets as at 30 September 2022 and 31 March 2022 respectively.

	As at 30 September 2022			
	Paper printing HK\$'000 (Unaudited)	Banner printing HK\$'000 (Unaudited)	Property agency services HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment assets	<u>146,670</u>	<u>51,202</u>	<u>13,209</u>	<u>211,081</u>
	As at 31 March 2022			
	Paper printing HK\$'000 (Audited)	Banner printing HK\$'000 (Audited)	Property agency services HK\$'000 (Audited)	Total HK\$'000 (Audited)
Segment assets	<u>148,406</u>	<u>46,145</u>	<u>13,382</u>	<u>207,933</u>

Segment assets for banner printing segment mainly represented property, plant and equipment, goodwill and right-of-use assets amounting to approximately HK\$28,815,000 (31 March 2022: HK\$29,138,000), HK\$725,000 (31 March 2022: HK\$725,000) and HK\$11,135,000 (31 March 2022: HK\$5,965,000) respectively.

Segment assets for property agency services segment mainly represented property, plant and equipment, brand name and goodwill amounting to approximately HK\$194,000 (31 March 2022: HK\$278,000), HK\$1,166,000 (31 March 2022: HK\$1,307,000) and HK\$5,872,000 (31 March 2022: HK\$5,872,000) respectively.

A reconciliation of segment assets to total assets is provided as follows:

	As at 30 September 2022 HK\$'000 (Unaudited)	As at 31 March 2022 HK\$'000 (Audited)
Segment assets	211,081	207,933
Investments in associates	1,424	1,421
Investments in joint ventures	12,038	12,303
Cash and cash equivalents	<u>136,333</u>	<u>113,911</u>
Total assets	<u>360,876</u>	<u>335,568</u>

5 OPERATING PROFIT

Operating profit is stated after charging/(crediting) the following:

	Six months ended 30 September	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Amortisation of intangible assets	141	–
Cost of materials	37,830	32,183
Depreciation of property, plant and equipment	5,135	5,450
Depreciation of right-of-use assets	9,528	8,746
Recovery of trade receivables previously written off	(93)	(28)
Loss on disposal of property, plant and equipment	5	7
Net exchange losses	2,267	37
Subcontracting fee	19,014	28,332
Operating lease for short-term and low value lease	701	1,619

6 FINANCE INCOME – NET

	Six months ended 30 September	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Finance income		
– Interest income from loan receivables	1,193	1,380
– Interest income from bank deposits	210	73
– Unwinding of interests on refundable rental deposits	2	111
	<u>1,405</u>	<u>1,564</u>
Finance costs		
– Interest expenses on lease liabilities	(412)	(301)
– Interest expenses on borrowings	(266)	(201)
	<u>(678)</u>	<u>(502)</u>
Finance income – net	<u>727</u>	<u>1,062</u>

7 INCOME TAX EXPENSE

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax		
– Hong Kong profits tax	809	1,628
Deferred income tax	<u>1,031</u>	<u>117</u>
Income tax expense	<u><u>1,840</u></u>	<u><u>1,745</u></u>

Taxation on profits has been calculated on the estimated assessable profits for the six months ended 30 September 2022 at the rates of taxation prevailing in the countries/places in which the Group operates. Income tax expenses is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year.

8 EARNINGS PER SHARE

(a) Basic earnings per share

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 2022 and 2021.

	Six months ended 30 September	
	2022	2021
	(Unaudited)	(Unaudited)
Profit attributable to the equity holders of the Company (HK\$'000)	<u>1,003</u>	<u>4,493</u>
Weighted average number of ordinary shares in issue (thousands)	<u>550,000</u>	<u>550,000</u>
Basic earnings per share (HK cents)	<u><u>0.18</u></u>	<u><u>0.82</u></u>

(b) Diluted earnings per share

For the six months ended 30 September 2022 and 2021, diluted earnings per share is the same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the periods.

9 DIVIDENDS

The Board resolved not to declare an interim dividend for the six months ended 30 September 2022 (six months ended 30 September 2021: HK0.8 cents per ordinary share).

An interim dividend in respect of the six months ended 30 September 2021 amounting to HK\$4,400,000 was paid in December 2021.

A final dividend in respect of the year ended 31 March 2022 amounting to HK\$4,950,000 was paid in October 2022.

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 September 2022 <i>HK\$'000</i> (Unaudited)	As at 31 March 2022 <i>HK\$'000</i> (Audited)
Listed equity investments	<u>14,768</u>	<u>18,106</u>

Notes:

- (i) The listed equity investments represent shares listed on the Stock Exchange.
- (ii) The fair values of the listed equity investments and mutual fund investments are based on quoted prices in active markets and are classified within level 1 of the fair value hierarchy.
- (iii) Financial assets at fair value through profit or loss is presented within investing activities in the condensed interim consolidated statement of cash flows.
- (iv) Changes in fair value of financial assets at fair value through profit or loss are recorded in 'Other losses – net' in the condensed interim consolidated statement of comprehensive income.

11 TRADE RECEIVABLES

	As at 30 September 2022 <i>HK\$'000</i> (Unaudited)	As at 31 March 2022 <i>HK\$'000</i> (Audited)
Trade receivables	7,712	5,527
Less: loss allowance	<u>(1,230)</u>	<u>(1,230)</u>
Trade receivables – net	<u>6,482</u>	<u>4,297</u>

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 gross trade receivables based on the invoice date is as follows:

	As at 30 September 2022 <i>HK\$'000</i> (Unaudited)	As at 31 March 2022 <i>HK\$'000</i> (Audited)
0 – 30 days	4,780	2,247
31 – 60 days	1,395	943
Over 60 days	1,537	2,337
	<hr/>	<hr/>
	7,712	5,527
	<hr/> <hr/>	<hr/> <hr/>

12 TRADE PAYABLES

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

	As at 30 September 2022 <i>HK\$'000</i> (Unaudited)	As at 31 March 2022 <i>HK\$'000</i> (Audited)
0 – 30 days	13,000	3,813
31 – 60 days	354	5,654
61 – 90 days	3,333	2,457
Over 90 days	666	27
	<hr/>	<hr/>
	17,353	11,951
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MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company is an investment holding company. The Group is principally engaged in the provision of printing services and solutions on advertisement, bound books and stationeries to a diversified customer base in Hong Kong. The Group is also engaged in the provision of property agency services including property selling and purchasing and property management.

The Group's revenue was increased from approximately HK\$154.1 million for the six months ended 30 September 2021 to approximately HK\$163.1 million for the six months ended 30 September 2022. The growth in revenue by approximately HK\$9.0 million or approximately 5.8% for the six months ended 30 September 2022 was mainly attributable to the revenue generated from property agency service segment in the amount of approximately HK\$6.3 million.

With the implementation of various cost saving strategies, the Group's gross profit margin increased from approximately 38.4% for the six months ended 30 September 2021 to approximately 39.7% for the six months ended 30 September 2022. The Group's unaudited profit attributable to equity holders for the six months ended 30 September 2022 was approximately HK\$1.0 million, representing a decrease of approximately 77.7% as compared with that of the six months ended 30 September 2021. The overall decrease in net profit was mainly attributable to, among others, (i) the fair value loss of approximately HK\$3.4 million on the financial assets at fair value through profit or loss recognised by the Group during the six months ended 30 September 2022; and (ii) a foreign exchange loss of approximately HK\$2.2 million.

For the Group's paper printing segment, the segment revenue decreased by approximately 7.4% from approximately HK\$119.3 million for the six months ended 30 September 2021 to approximately HK\$110.5 million for the six months ended 30 September 2022. The advertising printing was still the major contributor to the segment's revenue and recorded an amount of approximately HK\$45.1 million, representing approximately 27.7% of the Group's total revenue for the six months ended 30 September 2022. The segment's gross profit margin remained stable at approximately 36.3%.

For the Group's banner printing segment, the segment reported the segment's revenue of approximately HK\$46.3 million, representing an increase of approximately HK\$11.5 million or approximately 33.0% as compared to approximately HK\$34.8 million for the corresponding period last year. The increase in banner printing segment revenue was mainly attributable to the increased sales orders of banner printing business with the recovery from the impact of global outbreak of novel coronavirus disease ("COVID-19") (the "**Coronavirus Outbreak**"). The gross profit margin of banner printing segment was increased from approximately 45.2% for the six months ended 30 September 2021 to approximately 47.8% for the six months ended 30 September 2022 and such increase was mainly because of the degree in the increase in revenue greater than the degree in the increase in material cost and subcontracting charges.

Upon the completion of the acquisition of Sakura Japan Property (Hong Kong) Limited (“**Sakura Japan**”) on 23 November 2021, the financial results of Sakura Japan and its subsidiary (“**Sakura Group**”) have been consolidated into the consolidated financial statements of the Group. Sakura Group provides a variety of property agency services including property selling and purchasing and property management. For the property agency services segment, it contributed approximately HK\$6.3 million of revenue to the Group for the six months ended 30 September 2022 while no revenue was recorded in the Group’s condensed interim consolidated financial information for the six months ended 30 September 2021.

On 22 April 2020 (as supplemented and amended by a supplemental agreement dated 1 August 2021), 28 January 2022, 10 February 2022, 8 March 2022, 28 March 2022 and 7 April 2022, E-Boss Co. Limited (the “**Lender**” or “**E-Boss**”), an indirect wholly-owned subsidiary of the Company and E-Post Limited (the “**Borrower**”), a company indirectly owned as to 40% by the Company through the Lender, entered into six loan agreements (the “**Loan Agreements**”), pursuant to which the Lender had provided (i) a loan with a principal amount of HK\$5 million pursuant to the loan agreement dated 22 April 2020 (as supplemented and amended by a supplemental agreement dated 1 August 2021), (ii) a loan with a principal amount of HK\$1.5 million pursuant to the loan agreement dated 28 January 2022, (iii) a loan with a principal amount of HK\$0.64 million pursuant to the loan agreement dated 10 February 2022, (iv) a loan with a principal amount of HK\$0.6 million pursuant to the loan agreement dated 8 March 2022, (v) a loan with a principal amount of HK\$0.6 million pursuant to the loan agreement dated 28 March 2022, and (vi) a loan with a principal amount of HK\$1 million pursuant to the loan agreement dated 7 April 2022 (the “**Loans**”) to the Borrower during the period from 22 April 2020 to 7 April 2022 in the aggregate amount of approximately HK\$9.34 million.

Subsequently, the Borrower repaid an aggregate approximately HK\$4.60 million of the Loans and as at the date of this announcement, the outstanding amount of the Loans amounted to approximately HK\$4.49 million and the Borrower is also indebted to the Lender for an amount of HK\$179,013.

On 22 April 2022, two sales contracts, which are legally binding agreements, were entered into between, among others, Promise Network Printing Limited (“**Promise Network**”), an indirect wholly-owned subsidiary of the Company, and Komori Hong Kong Limited (“**Komori**”) (the “**Sales Contracts**”), pursuant to which Promise Network agreed to purchase and Komori agreed to sell two Komori Lithrone G40A Sheet Fed Offset Press at the consideration of JPY217,600,000 (equivalent to approximately HK\$13,324,000), subject to the terms and conditions of the Sales Contracts. The date of loading will be 8 months upon the Sales Contracts being signed and receipt of deposit. It is expected that the loading will be taken place in December 2022.

On 10 June 2022, Lucky Gainer Limited (“**Lucky Gainer**”), an indirect wholly-owned subsidiary of the Company and e-banner Limited (“**e-banner**”), an indirect non wholly-owned subsidiary of the Company as tenants and CTP Limited (“**CTP**”) as landlord entered into the tenancy agreements in respect of the tenancy of Unit W6 on 3rd Floor of Block 1; Units K2, L2, W1 and W2 on 2nd Floor of Block 2; Unit A3 on 1st Floor of Block 3; Units W1 to W5 on 2nd Floor of Block 3; Unit B3 on 3rd Floor of Block 3; Unit B3 on 4th Floor of Block 3; Unit R4 on 2nd Floor of Block 4; Unit A4 on 5th Floor of Block 4; and Units M4, N4, P4 and R4 on 6th Floor of Block 4, Kwun Tong Industrial Centre, Nos. 436-484 Kwun Tong Road, Kowloon, Hong Kong for lease terms from 1 April 2022 to 31 March 2023 with a monthly rent of HK\$407,200 for industrial use (the “**CTP (Full Year) Tenancy Agreements**”).

On 10 June 2022, Promise Network as tenant and CTP as landlord entered into a tenancy agreement in respect of the tenancy of Car Parking Space No. 142 on Basement, Kwun Tong Industrial Centre, Nos. 436-484 Kwun Tong Road, Kowloon, Hong Kong for a lease term from 1 August 2022 to 31 March 2023 with a monthly rent of HK\$3,300 for carparking use (the “**CTP (Partial Year) Tenancy Agreement**”).

On 10 June 2022, Lucky Gainer and Promise Network as tenants and King Profit International Limited (“**King Profit**”) as landlord entered into the tenancy agreements in respect of the tenancy of Unit A3 (including Flat Roof appurtenant thereto) on 4th Floor of Block 3, Unit L4 on 3rd Floor of Block 4 and Car Parking Space No. 36 on Basement, Kwun Tong Industrial Centre, Nos. 436-484 Kwun Tong Road, Kowloon, Hong Kong for lease terms from 1 April 2022 to 31 March 2023 with a monthly rent of HK\$63,300 for industrial and carparking use (the “**King Profit Tenancy Agreements**”).

On 10 June 2022, Lucky Gainer as tenant and Profit More Rich Limited (“**Profit More**”) as landlord entered into a tenancy agreement in respect of the tenancy of Workshop Nos. M201, M202 and M210 on 3rd Floor of Block 2, Kwun Tong Industrial Centre, Nos. 436-484 Kwun Tong Road, Kowloon, Hong Kong for a lease term from 1 April 2022 to 31 March 2023 with a monthly rent of HK\$50,700 for industrial use (the “**Profit More Tenancy Agreement**”).

On 10 June 2022, Lucky Gainer as tenant and Promise Properties Limited (“**Promise Properties**”) as landlord entered into the tenancy agreements in respect of the tenancy of Unit W3 on 2nd Floor of Block 2; Unit K3 on 3rd Floor of Block 3; Unit H3 on 4th Floor of Block 3; and Unit A4 on 6th Floor of Block 4, Kwun Tong Industrial Centre, Nos. 436-484 Kwun Tong Road, Kowloon, Hong Kong for lease terms from 1 April 2022 to 31 March 2023 with a monthly rent of HK\$125,600 for industrial use (the “**Promise Properties Tenancy Agreement**”).

On 10 June 2022, Lucky Gainer and Promise Network as tenants and VVV Limited (“**VVV**”) as landlord entered into the tenancy agreements in respect of the tenancy of (1) Unit H2, on 2nd Floor of Block 2; Unit K4 on 3rd Floor of Block 4; Car Parking Space No. 78 on Ground Floor, Kwun Tong Industrial Centre, Nos. 436-484 Kwun Tong Road, Kowloon, Hong Kong; and (2) Workshop No. 1 on Ground Floor, Trend Centre, No. 29 Cheung Lee Street, Hong Kong for lease terms from 1 April 2022 to 31 March 2023 with a monthly rent of HK\$166,700 for industrial and carparking use (the “**VVV (Full Year) Tenancy Agreements**”).

On 10 June 2022, Lucky Gainer as tenant and VVV as landlord entered into (i) a tenancy agreement in respect of the tenancy of Unit J2 on 2nd Floor of Block 2, Kwun Tong Industrial Centre, Nos. 460-470 Kwun Tong Road, Kowloon, Hong Kong for a lease term from 1 November 2022 to 31 March 2023 with a monthly rent of HK\$32,100 for industrial use (the “**VVV (Partial Year) Tenancy Agreement 1**”) and (ii) a tenancy agreement in respect of the tenancy of Unit G2 on 2nd Floor of Block 2, Kwun Tong Industrial Centre, Nos. 460-470 Kwun Tong Road, Kowloon, Hong Kong for a lease term from 11 March 2023 to 31 March 2023 with a monthly rent of HK\$23,800 for industrial use (the “**VVV (Partial Year) Tenancy Agreements 2**”, together with the CTP (Full Year) Tenancy Agreements, the CTP (Partial Year) Tenancy Agreement, the King Profit Tenancy Agreements, the Profit More Tenancy Agreement, the Promise Properties Tenancy Agreement, VVV (Full Year) Tenancy Agreements and VVV (Partial Year) Tenancy Agreement 1, collectively referred to as the “**Tenancy Agreements**”).

The rental payment to be made by Lucky Gainer, Promise Network and e-banner under the Tenancy Agreements will be recognised as right-of-use assets and has been regarded as an acquisition of assets by the Group for the purpose of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Tenancy Agreements, when aggregated, constituted (i) a discloseable transaction of the Company which is subject to the reporting and announcement requirements but is exempt from the approval of shareholders of the Company (“**Shareholders**”) requirement under Chapter 14 of the Listing Rules; and (ii) a connected transaction on the part of the Company which is subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules. For further details, please refer to the announcement of the Company dated 10 June 2022.

OUTLOOK

With the gradual recovery of the customer sentiment, the business environment and operation of the Group has improved during the six months ended 30 September 2022. However, there is still a high degree of uncertainty about the ongoing spread of COVID-19 which cast uncertainty over the business environment and economy. Although the business environment is still challenging, the management of the Group will actively and closely monitor the situation to react promptly in order to maintain the profitability and maximize the Shareholders value.

The Group will continue to put efforts to make use of its solid financial resources and proactively explore different business opportunities for business development to diversify the business portfolio.

Under the leadership of the Board, the management of the Group has formed a broad consensus in response to the Group’s key development areas. The Group will continue to strengthen its leading market position, enhance the image and reputation and increase market share by adopting the following approaches:

- Strengthening the cost control to maintain competitive pricing strategy.
- Improving the customers experience by expanding the product mix and offering the customization of the products and services.
- Continuously enhancing the value added services, including but not limited to the e-print mobile application, online self-service platform, phone ordering system and logistics system.

FINANCIAL REVIEW

Revenue

For the six months ended 30 September 2022, the Group generated revenue from (i) provision of printing services from paper printing business, (ii) provision of printing services from banner printing business and (iii) provision of property agency services.

Revenue from the provision of printing and other services increased by approximately HK\$2.7 million or approximately 1.8% from approximately HK\$154.1 million for the six months ended 30 September 2021 to approximately HK\$156.8 million for the six months ended 30 September 2022.

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			
	2022		2021	
	HK\$'000		HK\$'000	
	(Unaudited)		(Unaudited)	
Advertising printing	45,070	27.7%	47,437	30.8%
Bound book printing	28,548	17.5%	31,280	20.3%
Stationery printing	27,546	16.9%	31,790	20.6%
Banner printing	38,554	23.6%	29,714	19.3%
Other services	17,096	10.5%	13,860	9.0%
Total revenue from printing and other services	156,814	96.2%	154,081	100%
Property agency services	6,269	3.8%	N/A*	N/A*
Total revenue	163,083	100%	154,081	100%

The advertising printing service category was still the major contributor of the revenue, which accounted for approximately 27.7% of the total revenue for the six months ended 30 September 2022.

*: No financial information for property agency services was provided for the six months ended 30 September 2021 as the financial results of property agency services segments have only been consolidated into the consolidated financial information of the Group upon the completion of the acquisition of Sakura Japan Property (Hong Kong) Limited on 23 November 2021.

Sales Channels	Six months ended 30 September			
	2022		2021	
	HK\$'000		HK\$'000	
	(Unaudited)		(Unaudited)	
Stores	18,589	11.9%	23,026	14.9%
Websites	91,113	58.1%	89,178	57.9%
Others (Note)	47,112	30.0%	41,877	27.2%
Total revenue from printing and other services	<u>156,814</u>	<u>100.0%</u>	<u>154,081</u>	<u>100.0%</u>

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

Websites remained the major sales channel and it contributed approximately 58.1% and approximately 57.9% of total revenue for the six months ended 30 September 2022 and 2021 respectively. The sales contributed by stores decreased from approximately 14.9% for the six months ended 30 September 2021 to approximately 11.9% for the six months ended 30 September 2022.

Other income

Other income of the Group mainly comprised the sales of scrap materials. For the six months ended 30 September 2022 and 2021, other income amounted to approximately HK\$2.7 million and approximately HK\$1.5 million respectively.

Other losses – net

The amount mainly consisted of the fair value changes on the financial assets at fair value through profit or loss and exchange difference. For the six months ended 30 September 2022 and 2021, the Group incurred the net loss of approximately HK\$5.6 million and approximately HK\$0.5 million respectively which showed a significant increase in loss. The net loss was mainly attributable to (i) the fair value loss of approximately HK\$3.4 million arising from decrease in the fair value of the financial assets at fair value through profit or loss held by the Group for the six months ended 30 September 2022 and (ii) a foreign exchange loss of approximately HK\$2.2 million.

Selling and distribution expenses

Selling and distribution expenses mainly consisted of staff costs, distribution costs, handling charges for electronic payments. Selling and distribution expenses represented approximately 9.4% and approximately 9.0% of the revenue for the six months ended 30 September 2022 and 2021, respectively. The increase in expenses of approximately HK\$1.4 million or approximately 10.0% was mainly due to the increase in advertising expenses of approximately HK\$0.9 million.

Administrative expenses

Administrative expenses primarily comprised directors' remunerations, staff costs and outsourced customer support expenses. Administrative expenses represented approximately 25.8% and approximately 25.0% of the Group's total revenue for the six months ended 30 September 2022 and 2021 respectively. The amount increased by approximately HK\$3.6 million or approximately 9.3% from approximately HK\$38.5 million for the six months ended 30 September 2021 to approximately HK\$42.1 million for the six months ended 30 September 2022. The increase in expenses was mainly the result of the increased staff costs and auditor's remuneration in the amount of approximately HK\$1.3 million and approximately HK\$1.4 million respectively. The increase in staff costs was mainly attributable to the absence of receipt of subsidies under the Employment Support Scheme of the Hong Kong SAR Government received during the six months ended 30 September 2022.

Finance income

Finance income primarily represented the interest income generated from the loan receivables and bank deposits. During the six months ended 30 September 2022 and 2021, the finance income of the Group was amounted to approximately HK\$1.4 million and approximately HK\$1.6 million respectively.

Finance costs

Finance costs primarily consisted of interest expenses on bank borrowings and interest expenses on lease liabilities. The interest expenses were amounted to approximately HK\$0.7 million and approximately HK\$0.5 million for the six months ended 30 September 2022 and 2021 respectively. The increase in finance cost by approximately HK\$0.2 million or approximately 40.0% during the six months ended 30 September 2022 was mainly due to the increase in interest expenses on lease liabilities in the amount of approximately HK\$0.1 million.

Share of profits/(losses) of associates

For the six months ended 30 September 2022, the amount represented the share of results of the Group's associates in Hong Kong, which are E-Post Limited and Step Wise Limited respectively.

For the six months ended 30 September 2021, the amount represented the share of results of the Group's associates in Hong Kong, which are Sakura Japan and E-Post Limited.

The share of profits of associates for the six months ended 30 September 2022 was mainly attributable to the share of profit of Step Wise Limited.

Share of profits/(losses) of joint ventures

Share of profits/(losses) of joint ventures represented the share of results of the Group's joint ventures. As at 30 September 2022, the Group had two joint ventures in Malaysia and Hong Kong, namely e-print Solutions Sdn. Bhd and Top Success Investment Group Limited respectively.

During the six months ended 30 September 2022, the operation of e-print Solutions Sdn. Bhd was gradually recovered from the impact of the Coronavirus Outbreak, and thus, the financial results of e-print Solutions Sdn. Bhd was better as compared with corresponding period last year.

Profit for the period attributable to equity holders of the Company

Profit for the period attributable to equity holders of the Company decreased by approximately HK\$3.5 million or approximately 77.7%, from approximately HK\$4.5 million for the six months ended 30 September 2021 to approximately HK\$1.0 million for the six months ended 30 September 2022. Net profit margin decreased from approximately 2.9% for the six months ended 30 September 2021 to approximately 0.6% for the six months ended 30 September 2022. The overall decrease in the profit for the period attributable to equity holders of the Company was mainly attributable to, among others, (i) the fair value loss of approximately HK\$3.4 million on the financial assets at fair value through profit or loss recognised by the Group during the six months ended 30 September 2022; and (ii) a foreign exchange loss of approximately HK\$2.2 million.

Liquidity and Financial Information

As at 30 September 2022, the Group's bank balances and cash was approximately HK\$136.3 million, represented an increase of approximately HK\$22.4 million when compared with that as at 31 March 2022. The increase was mainly generated from operation and the receipt of loan repayment from an associate. As at 30 September 2022 and 30 September 2021, the financial ratios of the Group were as follows:

	As at 30 September 2022 (unaudited)	As at 30 September 2021 (unaudited)
Current ratio ⁽¹⁾	1.9	2.5
Gearing ratio ⁽²⁾	18.2%	13.3%

Notes:

- (1) Current ratio is calculated based on total current assets divided by total current liabilities.
- (2) Gearing ratio is calculated based on total bank overdraft, borrowings and leases liabilities divided by total equity and multiplied by 100%.

Borrowings

As at 30 September 2022 and 31 March 2022, the Group's bank borrowings were approximately HK\$23.7 million and approximately HK\$26.2 million respectively. The decrease in bank borrowings by approximately HK\$2.5 million was mainly because of the repayment of principal during the six months ended 30 September 2022.

All bank borrowings were made from banks in Hong Kong and were repayable within one year, except for two mortgage loans with the carrying amount of approximately HK\$4.2 million and approximately HK\$17.4 million which will be matured in 2033 and 2036 respectively. The bank borrowings 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.

Treasury policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the period. The Group closely and actively manages its liquidity position with sufficient standby banking facilities to cope with daily operation and any demands for capital for further development.

Capital structure

The capital of the Company comprises ordinary shares and other reserves. The shares of the Company have been listed on the Main Board of the Stock Exchange since 3 December 2013. As at 30 September 2022, the total number of issued ordinary shares of the Company was 550,000,000 shares.

Capital commitments

As at 30 September 2022 and 31 March 2022, the Group has capital commitments totaling approximately HK\$12.4 million and approximately HK\$6.6 million respectively for the purchase of property, plant and equipment.

Significant investments held

In addition to the investments in subsidiaries, joint ventures and associates, the Group also holds some investments including equity investment of the companies listed on the Stock Exchange, mutual fund investments, bonds and etc. These investments were classified as financial asset at fair value through profit or loss.

Future plans for material investments and capital assets

The Group did not have other plans for material investments and capital assets as at 30 September 2022.

Material acquisitions or disposals

The Group did not have any material acquisition or disposal of associates, subsidiaries or joint ventures during the six months ended 30 September 2022.

Exposure to foreign exchange risk

The Group operates principally in Hong Kong and its business is supported by an I.T. support services centre located in the PRC. The Group is exposed to foreign exchange risk mainly 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 30 September 2022 and 31 March 2022, the Group pledged the plant and machinery with the total carrying value of approximately HK\$2.5 million and approximately HK\$2.6 million respectively, as collaterals to secure the Group's lease liabilities. As at 30 September 2022 and 31 March 2022, the Group pledged three properties with the total carrying value of approximately HK\$63.8 million and approximately HK\$65.1 million respectively, as collaterals to secure the Group's mortgage loans.

Capital expenditure

During the period under review, the Group invested approximately HK\$2.1 million in property, plant and equipment, represented an increase of approximately HK\$1.7 million when compared with the same period of last year.

EMPLOYEES AND EMOLUMENT POLICIES

As at 30 September 2022, the Group had 309 full time employees (31 March 2022: 289). The employee benefits expense of the Group, including directors' emoluments, employees' salaries and allowances, retirement benefits schemes contributions and other benefits amounted to approximately HK\$50.1 million for the six months ended 30 September 2022.

There was 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, 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, and the Employees Provident Fund and contributions to Social Security Organization for employees who are employed by the Group pursuant to the Malaysian rules and regulations and the prevailing regulatory requirements of Malaysia.

EVENTS AFTER THE REPORTING PERIOD

On 7 November 2022, E-Boss, entered into a sale and purchase agreement (the “**Sale and Purchase Agreement**”) with Fui Yuen Lam (the “**Purchaser**”), pursuant to which E-Boss agreed to sell, and the Purchaser agreed to purchase 100 shares of E-Post Limited (the “**Target**”), representing an aggregate 40% of the total number of shares in the Target, at an aggregate consideration of HK\$1.00 (the “**Disposal**”). Completion of the Disposal (the “**Completion**”) took place immediately after the signing of the Sale and Purchase Agreement.

Immediately prior to Completion, the Target was an indirect non-wholly owned associate of the Company and held as to 40% by E-Boss, 30% by the Purchaser and 30% by an independent third party. Upon Completion, the Group ceased to hold any shares in the Target and the Target ceased to be an associate of the Company. The Disposal constituted a discloseable transaction for the purpose of Chapter 14 of the Listing Rules.

INTERIM DIVIDEND

The Board, after considering the liquidity position and operation of the Group, resolved not to declare an interim dividend for the six months ended 30 September 2022 while the Group resolved to declare an interim dividend of HK0.8 cents per share, totaling HK\$4,400,000 for the six months ended 30 September 2021 which was paid on Wednesday, 29 December 2021 to the Shareholders whose names appear on the register of members of the Company on Tuesday, 14 December 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor its subsidiaries purchased, redeemed or sold any of the Company’s listed securities for the six months ended 30 September 2022.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors had complied with the required standards as set out in the Model Code for the six months ended 30 September 2022.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code (“**CG Code**”) as set out in Appendix 14 to the Listing Rules as its own code of corporate governance.

For the six months ended 30 September 2022, the Company was in compliance with the code provisions set out in the CG Code except for the deviation as explained below.

Code provision C.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 Director and independent non-executive Directors.

REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE

The Company established the audit committee of the Company (the “**Audit Committee**”) on 13 November 2013 with written terms of reference which was revised on 25 February 2019 to comply with the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting system and to review the risk management and internal control systems of the Group. The Audit Committee comprises three independent non-executive Directors, namely, Mr. Ma Siu Kit (as chairman), Mr. Poon Chun Wai and Mr. Fu Chung. The Audit Committee has reviewed the unaudited condensed interim consolidated financial information of the Group for the six months ended 30 September 2022.

INTERIM REPORT

The interim report of the Company for the six months ended 30 September 2022 will be published and dispatched to the equity holders of the Company in due course.

On behalf of the Board
eprint Group Limited
She Siu Kee William
Chairman

Hong Kong, 25 November 2022

As at the date of this announcement, the executive Directors are Mr. She Siu Kee William and Mr. Chong Cheuk Ki; the non-executive Director is Mr. Leung Wai Ming; and the independent non-executive Directors are Mr. Poon Chun Wai, Mr. Fu Chung and Mr. Ma Siu Kit.