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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)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2023**

FINANCIAL HIGHLIGHTS

- The revenue of the Group from continuing operations amounted to approximately HK\$317.4 million for the year ended 31 March 2023, representing an increase of approximately HK\$17.1 million as compared with the year ended 31 March 2022.
- The gross profit of the Group from continuing operations for the year ended 31 March 2023 was approximately HK\$123.6 million, representing an increase of approximately 13.1% as compared to that for the year ended 31 March 2022 and the gross profit margin improved from approximately 36.4% for the year ended 31 March 2022 to approximately 38.9% for the year ended 31 March 2023.
- The loss for the year from continuing operations attributable to equity holders of the Company was approximately HK\$11.7 million for the year ended 31 March 2023, compared to a profit of approximately HK\$2.0 million for the year ended 31 March 2022.
- If the share based payment expenses of approximately HK\$17.1 million was excluded, a profit of approximately HK\$5.4 million from continuing operations attributable to equity holders of the Company would be recorded for the year ended 31 March 2023.
- The cash and cash equivalents of the Group increased to approximately HK\$125.0 million as at 31 March 2023, representing an increase of approximately HK\$11.1 million as compared to that as at 31 March 2022 and the Group's current ratio remained relatively stable at approximately 1.9 times and 2.2 times as at 31 March 2023 and 2022 respectively.

The board (the “**Board**”) of directors (the “**Directors**”) of eprint Group Limited (the “**Company**”) announces the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2023, together with the comparative figures for the year ended 31 March 2022, are as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2023

	Note	2023 HK\$'000	2022 HK\$'000
Continuing operations			
Revenue	2	317,408	300,311
Cost of sales	5	(193,841)	(191,042)
Gross profit		<u>123,567</u>	<u>109,269</u>
Other income	3	4,399	3,334
Other losses – net	4	(2,317)	(3,925)
Selling and distribution expenses	5	(30,086)	(27,616)
Administrative expenses	5	(101,780)	(75,964)
Provision for impairment losses on financial assets		<u>(1,559)</u>	<u>(185)</u>
Operating (loss)/profit		<u>(7,776)</u>	<u>4,913</u>
Finance income	6	3,924	3,180
Finance costs	6	(1,480)	(1,032)
Finance income – net	6	<u>2,444</u>	<u>2,148</u>
Share of losses of associates		(41)	(660)
Share of losses of joint ventures		<u>(138)</u>	<u>(708)</u>
		<u>(179)</u>	<u>(1,368)</u>
(Loss)/profit before income tax from continuing operations		(5,511)	5,693
Income tax expense	7	<u>(1,713)</u>	<u>(2,178)</u>
(Loss)/profit for the year from continuing operations		<u>(7,224)</u>	<u>3,515</u>
Discontinued operation			
(Loss)/profit after tax for the year from discontinued operation			
– Equity holders of the Company		(2,568)	137
– Non-controlling interests		<u>(466)</u>	<u>84</u>
(Loss)/profit for the year		<u>(10,258)</u>	<u>3,736</u>

	Note	2023 HK\$'000	2022 HK\$'000
(Loss)/profit for the year attributable to:			
– Equity holders of the Company		(14,243)	2,097
– Non-controlling interests		3,985	1,639
		<u>(10,258)</u>	<u>3,736</u>
Other comprehensive loss arising from continuing operations:			
<i>Item that may be reclassified to profit or loss:</i>			
Currency translation differences		(625)	(50)
Total other comprehensive loss, net of tax		<u>(625)</u>	<u>(50)</u>
Total comprehensive (loss)/income for the year		<u>(10,883)</u>	<u>3,686</u>
Total comprehensive (loss)/income attributable to:			
– Equity holders of the Company		(14,852)	2,050
– Non-controlling interests		3,969	1,636
		<u>(10,883)</u>	<u>3,686</u>
Total comprehensive (loss)/income attributable to equity holders of the Company arises from:			
– Continuing operations		(12,284)	1,913
– Discontinued operation		(2,568)	137
		<u>(14,852)</u>	<u>2,050</u>
(Loss)/earnings per share for (loss)/profit from continuing operations attributable to the equity holders of the Company:			
– Basic and diluted (HK cents per share)	8	<u>(2.12)</u>	<u>0.36</u>
(Loss)/earnings per share for (loss)/profit from discontinued operation attributable to the equity holders of the Company:			
– Basic and diluted (HK cents per share)	8	<u>(0.47)</u>	<u>0.02</u>
(Loss)/earnings per share for (loss)/profit attributable to equity holders of the Company during the year			
– Basic and diluted (HK cents per share)	8	<u>(2.59)</u>	<u>0.38</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Note	2023 HK\$'000	2022 HK\$'000
Assets			
Non-current assets			
Property, plant and equipment		95,372	98,815
Right-of-use assets		48,208	11,910
Intangible assets		725	7,904
Other financial assets at amortised cost		28,751	34,570
Investments in associates		1,380	1,421
Investments in joint ventures		10,654	12,303
Deferred income tax assets		707	2,379
Deposits and prepayments		20,184	1,780
		<u>205,981</u>	<u>171,082</u>
Current assets			
Inventories		7,794	9,562
Trade receivables	9	4,424	4,297
Deposits, prepayments and other receivables		8,756	15,459
Other financial assets at amortised cost		2,390	2,075
Financial assets at fair value through profit or loss		16,653	18,106
Amounts due from related companies		377	1,076
Current income tax recoverable		1,209	–
Cash and cash equivalents		125,024	113,911
		<u>166,627</u>	<u>164,486</u>
Total assets		<u>372,608</u>	<u>335,568</u>
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		100,626	103,377
		<u>239,047</u>	<u>241,798</u>
Non-controlling interests		<u>12,743</u>	<u>8,470</u>
Total equity		<u>251,790</u>	<u>250,268</u>

	<i>Note</i>	2023 HK\$'000	2022 HK\$'000
Liabilities			
Non-current liabilities			
Lease liabilities		28,719	3,493
Other payables		–	173
Deferred income tax liabilities		4,167	5,349
		<u>32,886</u>	<u>9,015</u>
Current liabilities			
Trade payables	<i>10</i>	12,211	11,951
Accruals and other payables		35,136	31,072
Borrowings	<i>11</i>	22,682	26,216
Lease liabilities		17,680	6,221
Amounts due to related parties		–	200
Amounts due to directors		132	195
Current income tax payable		91	430
		<u>87,932</u>	<u>76,285</u>
Total liabilities		<u>120,818</u>	<u>85,300</u>
Total equity and liabilities		<u>372,608</u>	<u>335,568</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, which are carried at fair value.

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

1.1 Changes in accounting policy and disclosures

(a) *Amended standards, annual improvements and accounting guideline adopted by the Group*

The Group has applied the following amendments to standards, annual improvements and accounting guideline for the financial year 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
Revised Accounting Guideline 5	Merger Accounting for Common Control Combinations

The adoption of these amendments to standards, annual improvements and accounting guideline does not have any significant change to the accounting policies or any significant effect on the results and financial position of the Group.

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

Certain new accounting standards, amendments to standards and interpretations have been published that are not mandatory for 31 March 2023 and have not been early adopted by the Group in preparing the consolidated financial statements:

		Effective for annual periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current and Non-Current	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenant	1 January 2024
Amendments to HKAS 1 and HKFRS 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
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
HKFRS 17	Insurance Contracts	1 January 2023
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information	1 January 2023
Amendments to HKFRS 17	Amendment to HKFRS 17	1 January 2023
Revised Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024

Note: To be announced by HKICPA

The Group will adopt the above new standards, amendments to standards and interpretation when they become effective. The directors of the Company have performed preliminary assessment and do not anticipate any significant impact on the Group's financial position and results of operations upon adopting these new standards, amendments to standards and interpretation.

1.2 Comparative figures

Certain comparative figures for the year ended 31 March 2022 have been re-presented in order to disclose the discontinued operation separately from the continuing operations.

2 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 consolidated financial statements.

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

During the year ended 31 March 2023, the Group ceased the business of property agency services and re-presented the relevant business as discontinued operation.

The subsidiary incorporated in the People’s Republic of China (the “**PRC**”) provides I.T. support services within the Group. The subsidiary incorporated in Malaysia generated immaterial external revenue during the year. 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 years ended 31 March 2023 and 2022 consist 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.

During the years ended 31 March 2023 and 2022, no external customers contributed over 10% of the Group’s revenue.

(a) **Segment revenue and results**

The following tables present revenue and segment results regarding the Group's reportable segments for the years ended 31 March 2023 and 2022 respectively.

For the year ended 31 March 2023:

	Continuing operations				Discontinued operation	
	Paper printing	Banner printing	Eliminations	Sub-total	Property agency services	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue						
Revenue from external customers	227,582	89,826	-	317,408	9,604	327,012
Inter-segment revenue	625	110	(735)	-	-	-
	<u>228,207</u>	<u>89,936</u>	<u>(735)</u>	<u>317,408</u>	<u>9,604</u>	<u>327,012</u>
Total	<u>228,207</u>	<u>89,936</u>	<u>(735)</u>	<u>317,408</u>	<u>9,604</u>	<u>327,012</u>
Segment results	<u>(2,612)</u>	<u>11,887</u>		<u>9,275</u>	<u>(1,217)</u>	<u>8,058</u>
Unallocated:						
Share based payment expenses						(17,051)
Loss on disposal of subsidiaries						(1,807)
Finance income						3,924
Finance costs						(1,490)
Share of losses of associates						(41)
Share of losses of joint ventures						(138)
						<u>(8,545)</u>
Loss before income tax						(8,545)
Income tax expense						(1,713)
						<u>(10,258)</u>
Loss for the year						<u>(10,258)</u>
Other information:						
Provision of impairment losses on financial assets	(1,559)	-	-	(1,559)	-	(1,559)
Amortisation of intangible assets	-	-	-	-	(280)	(280)
Depreciation of property, plant and equipment	(8,973)	(1,343)	-	(10,316)	(133)	(10,449)
Depreciation of right-of-use assets	(12,242)	(7,383)	834	(18,791)	(539)	(19,330)
Capital expenditures	(5,665)	(2,011)	-	(7,676)	-	(7,676)

For the year ended 31 March 2022:

	Continuing operations			Sub-total HK\$'000	Discontinued operation	Total HK\$'000
	Paper printing HK\$'000	Banner printing HK\$'000	Eliminations HK\$'000		Property agency services HK\$'000	
Segment revenue						
Revenue from external customers	229,518	70,793	–	300,311	5,709	306,020
Inter-segment revenue	617	108	(725)	–	–	–
Total	230,135	70,901	(725)	300,311	5,709	306,020
Segment results	245	4,668		4,913	(2,731)	2,182
Unallocated:						
Gain on step acquisition of subsidiaries						3,000
Finance income						3,180
Finance costs						(1,080)
Share of losses of associates						(660)
Share of losses of joint ventures						(708)
Profit before income tax						5,914
Income tax expense						(2,178)
Profit for the year						3,736
Other information:						
Amortisation of intangible assets	–	–	–	–	(93)	(93)
Provision for impairment losses on financial assets	(22)	(163)	–	(185)	–	(185)
Depreciation of property, plant and equipment	(9,771)	(1,123)	–	(10,894)	(50)	(10,944)
Impairment loss on goodwill	–	–	–	–	(3,086)	(3,086)
Impairment losses on plant, property and equipment	(3,398)	–	–	(3,398)	–	(3,398)
Depreciation of right-of-use assets	(12,628)	(5,434)	–	(18,062)	(108)	(18,170)
Capital expenditures	(1,032)	(10,747)	–	(11,779)	(103)	(11,882)

(b) Segment assets

	Continuing operations		Discontinued operation	Total
	Paper printing	Banner printing	Property agency services	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 31 March 2023	182,797	52,753	–	235,550
As at 31 March 2022	148,406	46,145	13,382	207,933

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

	2023	2022
	HK\$'000	HK\$'000
Segment assets	235,550	207,933
Investments in associates	1,380	1,421
Investments in joint ventures	10,654	12,303
Cash and cash equivalents	125,024	113,911
	<u>372,608</u>	<u>335,568</u>

3 OTHER INCOME

	2023	2022
	HK\$'000	HK\$'000
Continuing operations		
Scrap sales	2,694	1,560
Government grant (<i>Note</i>)	424	356
Software licensing income	297	297
Others	984	1,121
	<u>4,399</u>	<u>3,334</u>

Note: There are no unfulfilled condition or other contingencies attaching to these grants. These amounts mainly represent the employment subsidies from the PRC government and branding promoting and upgrading subsidies received from Hong Kong government.

4 OTHER LOSSES – NET

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Continuing operations		
Losses on disposals of property, plant and equipment	(219)	(62)
Exchange (losses)/gains – net	(839)	75
Fair value losses on financial assets at fair value through profit or loss	(1,574)	(4,094)
Others	315	156
	<u>(2,317)</u>	<u>(3,925)</u>

5 EXPENSES BY NATURE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Continuing operations		
Cost of materials	71,797	62,168
Auditor's remuneration		
– Audit services	3,026	1,080
– Non-audit services	191	180
Bank charges	4,903	4,730
Employee benefits expenses	113,794	82,970
Depreciation of property, plant and equipment	10,316	10,894
Depreciation of right-of-use assets	18,791	18,062
Impairment losses on property, plant and equipment	–	3,398
Outsourced customer support expenses	16,407	17,883
Subcontracting fee	41,230	57,376
Operating lease for short-term and low value lease	3,714	4,255
Repairs and maintenance	4,465	3,729
Distribution costs	15,525	12,980
Utility expenses	4,445	3,608
Others	17,103	11,309
	<u>325,707</u>	<u>294,622</u>
Total cost of sales, selling and distribution expenses and administrative expenses	<u>325,707</u>	<u>294,622</u>

Others mainly represent advertising and promotion expenses and telecommunication expenses.

6 FINANCE INCOME – NET

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Continuing operations		
Finance income		
– Interest income from loan receivables	2,263	2,816
– Interest income from bank deposits	1,653	145
– Unwinding of interests on refundable rental deposits	8	219
	<u>3,924</u>	<u>3,180</u>
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Finance costs		
– Interest expenses on lease liabilities	(775)	(597)
– Interest expenses on borrowings	(705)	(435)
	<u>(1,480)</u>	<u>(1,032)</u>
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Finance income – net	<u>2,444</u>	<u>2,148</u>

7 INCOME TAX EXPENSE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Continuing operations		
Current income tax		
– Hong Kong profits tax	856	2,555
Under/(over)-provision in prior years	136	(166)
	<u>992</u>	<u>2,389</u>
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Deferred income tax expense/(credit)	721	(211)
	<u>1,713</u>	<u>2,178</u>
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Subsidiaries incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 8.25% on the estimated assessable profit up to approximately HK\$2,000,000 and 16.5% on any part of the estimated assessable profit over approximately HK\$2,000,000 for the year (2022: Same).

Subsidiary incorporated in the PRC is a High and New Technology Enterprise defined by Shenzhen Finance Bureau, Administrator of Local Taxation of Shenzhen Municipality and Shenzhen Municipal office of the State Administration of Taxation, the PRC (the “**Authority**”) and therefore was entitled to 15% preferential tax rate for PRC enterprise income tax for three years starting from year ended 31 December 2020 according to the New PRC Enterprise Income Law. The PRC enterprise income tax is calculated at 15% preferential tax rate on the estimated assessable profit for the years ended 31 March 2023 and 2022.

8 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue for the years ended 31 March 2023 and 2022.

	2023	2022
(Loss)/profit from continuing operations attributable to equity holders of the Company (<i>HK\$'000</i>)	(11,675)	1,960
(Loss)/profit from discontinued operation attributable to equity holders of the Company (<i>HK\$'000</i>)	(2,568)	137
	<u>(14,243)</u>	<u>2,097</u>
Weighted average number of ordinary shares in issue (<i>thousands</i>)	550,000	550,000
Basic (loss)/earnings per share attributable to the equity holders of the Company		
From continuing operations (<i>HK cents</i>)	(2.12)	0.36
From discontinued operation (<i>HK cents</i>)	(0.47)	0.02
	<u>(2.59)</u>	<u>0.38</u>
Total (<i>HK cents</i>)	<u>(2.59)</u>	<u>0.38</u>

(b) Diluted (loss)/earnings per share

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. During the year ended 31 March 2023, the diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share as the share options outstanding were anti-dilutive. During the year ended 31 March 2022, diluted earnings per share is the same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding.

9 TRADE RECEIVABLES

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	5,590	5,527
Less: loss allowance	(1,166)	(1,230)
	<u>4,424</u>	<u>4,297</u>
Trade receivables – net	<u>4,424</u>	<u>4,297</u>

Notes:

- (i) The directors of the Company apply the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivables. To measure the expected credit losses, these receivables have been grouped based on firstly shared credit risk characteristics and then aging from billing.
- (ii) As at 31 March 2023 and 2022, the maximum exposure to credit risk is the carrying amounts of trade receivables and the Group does not hold any collateral as security.
- (iii) As at 31 March 2023 and 2022, due to the short-term nature of trade receivables, the directors of the Company consider that the carrying amounts of trade receivables approximate their fair values.
- (iv) As at 31 March 2023 and 2022, the carrying amounts of trade receivables are mainly denominated in Hong Kong dollars.

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 invoice date is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 – 30 days	2,862	2,247
31 – 60 days	793	943
Over 60 days	1,935	2,337
	<u>5,590</u>	<u>5,527</u>

10 TRADE PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables	12,211	11,951

Notes:

- (i) Payment terms granted by suppliers are mainly on credit. The credit period ranges from 30 to 90 days.
- (ii) As at 31 March 2023 and 2022, all trade payables of the Group were non-interest bearing, and their carrying amounts approximated their fair values due to short maturities.
- (iii) The carrying amounts of the Group's trade payables are mainly denominated in Hong Kong dollars.

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

	2023	2022
	HK\$'000	HK\$'000
0 – 30 days	7,677	3,813
31 – 60 days	3,567	5,654
61 – 90 days	915	2,457
Over 90 days	52	27
	<u>12,211</u>	<u>11,951</u>

11 BORROWINGS

	2023	2022
	HK\$'000	HK\$'000
Current		
Bank overdrafts	–	118
Trust receipt loans	632	2,397
Bank loans	22,050	23,701
	<u>22,682</u>	<u>26,216</u>

Notes:

- (i) The borrowings of the Group are subject to financial covenants and the Group is in compliance with the financial covenants as at 31 March 2023 and 2022.
- (ii) As at 31 March 2023, the borrowings of the Group were secured by personal guarantees provided by a related party of the Group. Included in bank loans to the extent of approximately HK\$20,946,000 (2022: HK\$23,701,000) are mortgage loans which are secured by properties of the Group of approximately HK\$62,488,000 (2022: HK\$65,064,000).
- (iii) The carrying amount of bank borrowings approximate their fair value as the interest payable on these borrowings is either close to current market rates or the borrowings are of a short-term nature.
- (iv) The carrying amounts of borrowings are denominated in Hong Kong dollars as at 31 March 2023 and 2022.

The table below analyses the Group's borrowings into relevant maturity groups based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 1 year	2,987	4,912
Between 1 and 2 years	1,626	1,852
Between 2 and 5 years	4,546	4,455
Over 5 years	13,523	14,997
	<u>22,682</u>	<u>26,216</u>

Note:

Bank borrowings contained a repayment on demand clause which enables the bank to exercise at its sole discretion. Accordingly, the entire balance was classified under current liabilities.

12 DIVIDENDS

No dividend in respect of the year ended 31 March 2023 has been recommended as of the date of approval of these consolidated financial statements.

A dividend in respect of the year ended 31 March 2022 of HK0.9 cent per share, amounting to a total dividend of HK\$4,950,000, was proposed by the Board on 19 August 2022 and had been approved by the shareholders of the Company at the annual general meeting on 30 September 2022. The final dividend was paid on 24 October 2022. The final dividend has not been reflected in the consolidated financial statements for the year ended 31 March 2022.

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Final dividend of HK0.9 cent per ordinary share	–	4,950
Interim dividend of HK0.8 cent per ordinary share	–	4,400
	<u>–</u>	<u>9,350</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

As at 31 March 2023 and currently, the Group is principally engaged in two business segments, paper printing business and banner printing business (collectively named “**Continuing operations**”). On 31 March 2023, the Group had disposed all its 62% equity interests in Sakura Japan Property (Hong Kong) Limited and its subsidiary (“**Sakura Group**”) which engaged in provision of property agency services. Upon the completion of the disposal, the Group ceased to hold any shares in Sakura Group and Sakura Group ceased to be the subsidiaries of the Group. Hence, the property agency services business was discontinued (“**Discontinued operation**”). The disposal did not constitute a notifiable transaction or a connected transaction of the Company under Chapter 14 or Chapter 14A of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) respectively.

Continuing operations

The Board presents to the shareholders the results of the Group for the year ended 31 March 2023. The Group reported the revenue from Continuing operations of approximately HK\$317.4 million for the year ended 31 March 2023, representing an increase of approximately HK\$17.1 million or approximately 5.7% as compared to approximately HK\$300.3 million for the corresponding period last year.

The Group recorded the loss from Continuing operations attributable to equity holders of the Company for the year ended 31 March 2023 of approximately HK\$11.7 million while a profit of approximately HK\$2.0 million was recorded for the year ended 31 March 2022. The loss from Continuing operations attributable to equity holders of the Company was mainly due to the increase in the share based payment expenses arising from the grant of share options to certain eligible employees in December 2022. If the share based payment expenses of approximately HK\$17.1 million was excluded, a profit of approximately HK\$5.4 million from Continuing operations attributable to equity holders of the Company would be recorded for the year ended 31 March 2023.

Paper printing business

For the paper printing segment, the revenue was mainly derived from the brand “**e-print**”. eprint provides a wide range of paper printing products including leaflets, booklets, business cards, stationery, etc. For the years ended 31 March 2023 and 2022, the revenue of the Group’s paper printing segment were approximately HK\$227.6 million and approximately HK\$229.5 million respectively.

Banner printing business

For the Group's banner printing segment, the revenue was mainly derived from the brand "e-banner". e-banner provides a large number of digital printing products, roll-up banners, mountings (foamboard, PVC board and hollow board, etc.), stickers, posters, flags, promotional tables, outdoor banners etc. For the year ended 31 March 2023, the Group recorded revenue from banner printing business of approximately HK\$89.8 million, representing an increase of approximately HK\$19.0 million or approximately 26.9%, as compared with that for the year ended 31 March 2022.

Discontinued operation

The Group had disposed the Sakura Group which engaged in provision of property agency services, which had been a minor business segment of the Group, in March 2023.

Materials events occurred during the reporting period

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 ("**E-Boss**") and E-Post Limited (the "**Borrower**" or "**E-Post**"), a company then indirectly owned as to 40% by the Company through E-Boss, entered into six loan agreements (the "**Loan Agreements**"), involving (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**"), pursuant to which E-boss had provided the Loans to the Borrower during the period from 22 April 2020 to 7 April 2022 in the aggregate principal amount of approximately HK\$9.34 million. For further details, please refer to the announcement of the Company dated 12 October 2022.

Upon Completion (as defined below) on 7 November 2022, the Loans owed by E-Post as the Borrower to E-Boss as the lender pursuant to the loan agreement dated 22 April 2020 (as supplemented and amended by a supplemental agreement dated 1 August 2021) continues to be owed by E-Post to E-Boss and shall continue to be repayable by E-Post to E-Boss.

Subsequently, the Borrower repaid an aggregate amount of approximately HK\$4.85 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.

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 machineries were received in April 2023. For further details, please refer to the announcements of the Company dated 22 April 2022 and 13 May 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 a tenancy agreement 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 term 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 Agreement 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 “**Existing Tenancy Agreements**”). The Existing Tenancy Agreements expired on 31 March 2023.

The rental payment made by Lucky Gainer, Promise Network and e-banner under the Existing Tenancy Agreements were recognised as right-of-use assets and had been regarded as an acquisition of assets by the Group for the purpose of the Listing Rules.

The Existing Tenancy Agreements, when aggregated, constituted (i) a discloseable transaction of the Company which was subject to the reporting and announcement requirements but was 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 was subject to the reporting and announcement requirements but was 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 announcements of the Company dated 10 June 2022 and 16 June 2022.

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, representing an aggregate 40% of the total number of shares in E-Post, 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, E-Post 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 E-Post and E-Post ceased to be an associate of the Company. The Disposal constituted a discloseable transaction for the purpose of Chapter 14 of the Listing Rules. For further details, please refer to the announcements of the Company dated 7 November 2022 and 18 November 2022.

On 16 December 2022, the Company offered to grant an aggregate of 49,500,000 share options (the “**Share Option(s)**”) to certain eligible employees (the “**Grantee(s)**”), subject to the acceptance of the Grantees and the payment of HK\$1.00 by the Grantee upon acceptance of the Share Options, to subscribe for up to an aggregate of 49,500,000 ordinary shares of the Company (the “**Share(s)**”) of HK\$0.01 each in the share capital of the Company, representing 9% of the issued share capital of the Company, under the share option scheme adopted by the Company on 13 November 2013. For further details, please refer to the announcement of the Company dated 16 December 2022.

On 11 January 2023, Lucky Gainer and e-banner as tenants and 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 and N3 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 2023 to 31 March 2026 with a monthly rent of HK\$451,800 for industrial use (the “**2023 CTP Tenancy Agreements**”).

On 11 January 2023, Lucky Gainer and Promise Network as tenants and 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 2023 to 31 March 2026 with a monthly rent of HK\$66,700 for industrial and carparking use (the “**2023 King Profit Tenancy Agreements**”).

On 11 January 2023, Lucky Gainer as tenant and Profit More as landlord entered into the 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 lease terms from 1 April 2023 to 31 March 2026 with a monthly rent of HK\$53,500 for industrial use (the “**2023 Profit More Tenancy Agreement**”).

On 11 January 2023, Lucky Gainer as tenant and Promise Properties as landlord entered into the tenancy agreement 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; Unit P4 on 2nd Floor of Block 4; 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 2023 to 31 March 2026 with a monthly rent of HK\$156,200 for industrial use (the “**2023 Promise Properties Tenancy Agreement**”).

On 11 January 2023, Lucky Gainer and Promise Network as tenants and VVV as landlord entered into the tenancy agreements in respect of the tenancy of (1) Unit J2 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 2023 to 31 March 2026 with a monthly rent of HK\$217,100 for industrial and carparking use (the “**2023 VVV Tenancy Agreements**”, together with the 2023 CTP Tenancy Agreements, the 2023 King Profit Tenancy Agreements, the 2023 Profit More Tenancy Agreement and the 2023 Promise Properties Tenancy Agreement, collectively referred to as the “**2023 Tenancy Agreements**”).

The rental payment to be made by Lucky Gainer, Promise Network and e-banner under the 2023 Tenancy Agreements will be recognised as right-of-use assets and will be regarded as an acquisition of assets by the Group for the purpose of the Listing Rules.

The 2023 Tenancy Agreements, when aggregated, have an applicable percentage ratio that exceeds 5% but is less than 25% and the total consideration of the transactions exceeds HK\$10,000,000, the transactions constituted (i) a discloseable transaction of the Company which is subject to the reporting and announcement requirements but is exempted from the Shareholders’ approval 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, announcement, circular and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules. For further details, please refer to the announcement of the Company dated 11 January 2023 and the circular of the Company dated 17 February 2023.

An extraordinary general meeting was convened and held on 6 March 2023, and the independent Shareholders have approved the 2023 Tenancy Agreements and the transactions contemplated thereunder.

OUTLOOK

It is expected that the macroeconomic environment will be improved and recovered from the pandemic in the long run, the management of the Group will continuously and actively to monitor the situation and react promptly in order to maintain the profitability. In view of our experienced management team, reputation and long term success in printing sector and our healthy cash position, the Group’s management considered that we are able to overcome the challenges and capture opportunities for business growth in forthcoming years. The Group shall continuously to enhance resources in manpower, new and advanced printing technology and production facilities in order to retain and attract industry talents, facilitate and improve production efficiency, and differentiate with market competitors.

The Group will always provide our customers convenient, speedy and high quality printing services, from the provision of design tools and software for customizing products to an array of printing and finishing services to suit their diversified needs, through our extensive sales channels, integrated information technology infrastructure and production facilities situated in Hong Kong.

The Group will continue to enhance resources and strengthen the cost control to maintain the competitive pricing strategy, develop new business line and customized products and services to further enhance the Group's competitiveness in order to strengthen its market position and increase its market share.

In addition, in light of the reopening of the borders between Hong Kong and foreign regions, the Group will continuously and proactively explore business opportunities for further business development by, among others, diversifying the business portfolio, in order to maximize the value for Shareholders.

EVENTS AFTER THE REPORTING PERIOD

On 1 June 2023, e-banner and Mr. Li Cham Kuen (“**Mr. Li**”) and Mr. Lee Wut Chuen (together with Mr. Li, the “**Vendors**”) entered into the sale and purchase agreement (the “**Agreement**”), pursuant to which e-banner conditionally agreed to acquire from the Vendors the 10,000 shares in the capital of WAB2 Group (HK) Limited (the “**Target Company**”) (the “**Sale Shares**”), representing the entire issued share capital of the Target Company, and from Mr. Li the outstanding shareholder's loan being owed by the Target Company to Mr. Li at the completion of the Acquisition (as hereinafter defined) at the consideration of HK\$28,861,000 (subject to adjustment) (the “**Acquisition**”). The Target Company is principally engaged in property investment. The principal asset of the Target Company is the properties located at (i) Unit W1, 1st Floor, Block 2, Kwun Tong Industrial Centre, Nos.460-470 Kwun Tong Road, Kowloon, Hong Kong; (ii) Unit W2, 1st Floor, Block 2, Kwun Tong Industrial Centre, Nos.460-470 Kwun Tong Road, Kowloon, Hong Kong; (iii) Unit W3, 1st Floor, Block 2, Kwun Tong Industrial Centre, Nos.460-470 Kwun Tong Road, Kowloon, Hong Kong; and (iv) Unit K2, 1st Floor, Block 2, Kwun Tong Industrial Centre, Nos.460-470 Kwun Tong Road, Kowloon, Hong Kong. Completion of the Acquisition shall take place on the fifth business day after all the conditions of the Agreement are fulfilled or waived, or such other date as the Vendors and e-banner may agree in writing.

Before completion of the Acquisition, the entire issued share capital of the Target Company is legally and beneficially owned by the Vendors. Upon completion of the Acquisition, the Target Company will become an indirect non wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the financial statements of the Group. For further details, please refer to the announcements of the Company dated 1 June 2023 and 5 June 2023.

Save as disclosed above, no significant events have taken place after the year ended 31 March 2023 and up to the date of this announcement.

FINANCIAL REVIEW

Revenue

For the years ended 31 March 2023 and 2022, the Group reported the revenue from Continuing operations of approximately HK\$317.4 million and HK\$300.3 million respectively. The revenue was generated from provision of printing services from paper printing business and provision of printing services from banner printing business. The overall increase in revenue by approximately HK\$17.1 million or approximately 5.7% was mainly attributable to the increase in orders of banner printing.

Websites remained the major sales channel and it contributed approximately 61.2% of total revenue for the year ended 31 March 2023, represented an increase of approximately 2.9% when compared with same period of last year.

Gross profit and gross profit margin

The gross profit of the Group from Continuing operations for the year ended 31 March 2023 was approximately HK\$123.6 million, representing an increase of approximately 13.1% as compared to that for the year ended 31 March 2022, which was generally in line with the increase in revenue. The gross profit margin of the Group improved from approximately 36.4% for the year ended 31 March 2022 to approximately 38.9% for the year ended 31 March 2023, which was mainly attributable to improvement in cost efficiency.

Other income

Other income of the Group mainly consisted of sales of scrap materials. The Group's other income increased from approximately HK\$3.3 million for the year ended 31 March 2022 to approximately HK\$4.4 million for the year ended 31 March 2023, representing an increase of approximately HK\$1.1 million which mainly arising from the increase from sales of scrap materials.

Other losses – net

For the year ended 31 March 2023, the Group reported a net loss of approximately HK\$2.3 million representing a decrease of approximately HK\$1.6 million as compared to the net loss of approximately HK\$3.9 million for the year ended 31 March 2022.

The decrease in amount was mainly arising from the decrease in fair value loss of approximately HK\$2.5 million from the investments held by the Group and netting against the increase in exchange loss by approximately HK\$0.9 million.

Selling and distribution expenses

Selling and distribution expenses mainly consisted of employee benefits expenses, handling charges for electronic payments, and depreciation of right-of-use assets. Selling and distribution expenses amounted to approximately HK\$30.1 million and approximately HK\$27.6 million for the years ended 31 March 2023 and 2022 respectively. The increase in expenses by approximately HK\$2.5 million was mainly the result of the increased employee benefits expenses of approximately HK\$1.5 million.

Administrative expenses

Administrative expenses mainly included employee benefits expenses and outsourced customer support expenses. For the years ended 31 March 2023 and 2022, administrative expenses amounted to approximately HK\$101.8 million and approximately HK\$76.0 million respectively.

The increase in administrative expenses was mainly attributable to the increase in employee benefits expenses by approximately HK\$20.1 million of which approximately HK\$17.1 million of the share based payment expenses was arising from the grant of share options to certain eligible employees in December 2022.

Finance income

Finance income mainly represented the interest income generated from the loan receivables and bank deposits. The amount increased by approximately HK\$0.7 million or approximately 23.4% was mainly due to the increase in interest income from bank deposits of approximately HK\$1.5 million and offsetting by the decrease in interest income from loan receivables of approximately HK\$0.6 million.

Finance costs

Finance costs primarily consisted of interest expenses on bank borrowings and interest expenses on lease liabilities. The overall increase in finance costs by approximately HK\$0.5 million or approximately 43.4% was mainly due to the increase in interest expenses on bank borrowings in the amount of approximately HK\$0.3 million.

Share of losses of joint ventures

Share of losses of joint ventures represented the share of results of the Group's joint ventures. As at 31 March 2023 and 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 year ended 31 March 2023, the operation of e-print Solutions Sdn. Bhd. was gradually recovered from the adverse impacts of novel coronavirus disease outbreak in previous years and thus share of losses of joint ventures was decreased for the year ended 31 March 2023 as compared with the previous year.

Share of losses of associates

As at 31 March 2022, the Group had two associates in Hong Kong which are E-Post and Step Wise Limited.

During the year ended 31 March 2023, the Group had disposed all its 40% interests in E-Post. Therefore, as at 31 March 2023, the amount represented the share of results of the Group's associate in Hong Kong, which is Step Wise Limited.

For the year ended 31 March 2023, the Group recorded the share of losses of associate of approximately HK\$41,000 (2022: HK\$660,000), representing a decrease of loss of approximately HK\$619,000.

(Loss)/profit for the year from Continuing operations attributable to equity holders of the Company

For the year ended 31 March 2023, the loss for the year from Continuing operations attributable to equity holders of the Company was approximately HK\$11.7 million, as compared to a profit of approximately HK\$2.0 million for the year ended 31 March 2022, representing a decrease of approximately HK\$13.7 million. The loss from Continuing operations attributable to equity holders of the Company was mainly due to the increase in the share based payment expenses arising from the grant of share options to certain eligible employees in December 2022. If the share based payment expenses of approximately HK\$17.1 million was excluded, a profit of approximately HK\$5.4 million from Continuing operations attributable to equity holders of the Company would be recorded for the year ended 31 March 2023.

Liquidity and Financial Information

As at 31 March 2023, the Group's bank balances and cash was approximately HK\$125.0 million, represented an increase of approximately HK\$11.1 million as compared with that as at 31 March 2022. As at 31 March 2023 and 31 March 2022, the financial ratios of the Group were as follows:

	As at 31 March 2023	As at 31 March 2022
Current ratio ⁽¹⁾	1.9	2.2
Gearing ratio ⁽²⁾	27.4%	14.4%

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 borrowings and leases liabilities divided by total equity and multiplied by 100%.

Borrowings

As at 31 March 2023 and 2022, the Group's total bank borrowings balance amounted to approximately HK\$22.7 million and approximately HK\$26.2 million respectively, representing a decrease in bank borrowings by approximately HK\$3.5 million or approximately 13.5%.

All bank borrowings were made from banks in Hong Kong. The mortgage loans with the carrying amount of approximately HK\$4.1 million and approximately HK\$16.8 million will mature in 2033 and 2036 respectively. 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 Policy

The Group has always pursued a prudent financial management approach towards its treasury policy and thus maintained a healthy liquidity position throughout the year. 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 31 March 2023, the total number of issued ordinary shares of the Company was 550,000,000 shares.

Capital Commitments

As at 31 March 2023, the Group did not have any capital commitments. As at 31 March 2022, the Group had capital commitments of approximately HK\$6.6 million in relation to the purchase of the machineries.

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 assets at fair value through profit or loss.

Future Plans for Material Investments and Capital Assets

As at 31 March 2023, saved as disclosed elsewhere in this announcement, the Group has no plans for any material investments or capital assets.

Material Acquisition and Disposal

During the year ended 31 March 2023, save as disclosed elsewhere in this announcement, there was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Group.

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 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.

Charges on Assets

At 31 March 2023 and 2022, the Group pledged the plant and machinery with carrying values of approximately HK\$2.3 million and approximately HK\$2.6 million respectively, as collaterals to secure the Group's leases liabilities. As at 31 March 2023 and 2022, the Group mortgaged three properties with the total carrying values of approximately HK\$62.5 million and HK\$65.1 million respectively as collaterals to secure the Group's mortgage loans.

Capital Expenditure

During the year ended 31 March 2023, the Group invested approximately HK\$7.7 million (2022: HK\$11.8 million) in property, plant and equipment, which represented a decrease of approximately HK\$4.1 million in capital expenditure compared with last year.

EMPLOYEES AND EMOLUMENT POLICIES

At 31 March 2023, the Group had 329 (2022: 289) full time employees. The employee benefits expenses of the Group, including Directors' emoluments, employees' salaries and allowances, retirement benefits schemes contributions and other benefits amounted to approximately HK\$113.8 million for the year ended 31 March 2023 (2022: HK\$83.0 million). The increase in amount was mainly due to the share based payment expenses of approximately HK\$17.1 million recognised during the year ended 31 March 2023.

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 included contributions to Mandatory Provident Fund retirement benefits scheme in Hong Kong, 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.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 March 2023 (2022: HK0.9 cent per ordinary share, totaling HK\$4,950,000).

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

Neither the Company nor its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 March 2023.

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**") 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 standard set out in the Model Code throughout the year.

CODE ON CORPORATE GOVERNANCE

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

During the year ended 31 March 2023, 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.

Save as the aforesaid and in the opinion of the Directors, the Company had met all code provisions set out in the CG Code during the year ended 31 March 2023.

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

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 (chairman), Mr. Poon Chun Wai and Mr. Fu Chung. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 March 2023.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2023 as set out in the preliminary announcement have been agreed by the Group’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the websites of the Company (www.eprintgroup.com.hk) and the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 March 2023 containing all the information required by the Listing Rules will be published on the websites of the Stock Exchange and the Company and also be despatched to the Shareholders on or before 31 July 2023.

By Order of the Board
eprint Group Limited
She Siu Kee William
Chairman and Chief Executive Officer

Hong Kong, 28 June 2023

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.