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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 2024**

FINANCIAL HIGHLIGHTS

- The revenue of the Group from continuing operations remained relatively stable and amounted to approximately HK\$316.3 million and approximately HK\$317.4 million respectively for the years ended 31 March 2024 and 2023.
- The gross profit of the Group from continuing operations for the year ended 31 March 2024 was approximately HK\$119.2 million, representing a decrease of approximately 3.5% as compared to that for the year ended 31 March 2023 and the gross profit margin slightly dropped from approximately 38.9% for the year ended 31 March 2023 to approximately 37.7% for the year ended 31 March 2024.
- The loss for the year from continuing operations attributable to equity holders of the Company was approximately HK\$8.3 million for the year ended 31 March 2024, represented a decrease in loss of approximately HK\$3.4 million as compared with that for the year ended 31 March 2023.
- The cash and cash equivalents of the Group was approximately HK\$100.0 million as at 31 March 2024, representing a decrease of approximately HK\$25.0 million as compared to that as at 31 March 2023. The decrease in cash and cash equivalents was mainly due to the acquisition of the properties during the year.
- The Board does not recommend the payment of a final dividend for the year ended 31 March 2024.

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 2024, together with the comparative figures for the year ended 31 March 2023, are as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2024

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Continuing operations			
Revenue	2	316,277	317,408
Cost of sales	5	(197,060)	(193,841)
Gross profit		119,217	123,567
Other income	3	5,235	4,399
Other losses – net	4	(6,187)	(2,317)
Selling and distribution expenses	5	(32,786)	(30,086)
Administrative expenses	5	(92,044)	(101,780)
Provision for impairment losses on financial assets		(1,972)	(1,559)
Operating loss		(8,537)	(7,776)
Finance income	6	4,952	3,924
Finance costs	6	(3,518)	(1,480)
Finance income – net	6	1,434	2,444
Share of loss of an associate		(199)	(41)
Share of profits/(losses) of joint ventures		1,218	(138)
		1,019	(179)
Loss before income tax from continuing operations		(6,084)	(5,511)
Income tax expense	7	(816)	(1,713)
Loss for the year from continuing operations		(6,900)	(7,224)
Discontinued operation			
Loss after tax for the year from discontinued operation			
– Equity holders of the Company		–	(2,568)
– Non-controlling interests		–	(466)
Loss for the year		(6,900)	(10,258)

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
(Loss)/profit for the year attributable to:			
– Equity holders of the Company		(8,306)	(14,243)
– Non-controlling interests		1,406	3,985
Loss for the year		<u>(6,900)</u>	<u>(10,258)</u>
Other comprehensive loss arising from continuing operations:			
<i>Item that may be reclassified to profit or loss:</i>			
Currency translation differences		(949)	(625)
Total other comprehensive loss, net of tax		(949)	(625)
Total comprehensive loss for the year		<u>(7,849)</u>	<u>(10,883)</u>
Total comprehensive (loss)/income attributable to:			
– Equity holders of the Company		(9,198)	(14,852)
– Non-controlling interests		1,349	3,969
		<u>(7,849)</u>	<u>(10,883)</u>
Total comprehensive loss attributable to equity holders of the Company arises from:			
– Continuing operations		(9,198)	(12,284)
– Discontinued operation		–	(2,568)
		<u>(9,198)</u>	<u>(14,852)</u>
Loss per share for loss from continuing operations attributable to the equity holders of the Company:			
Basic and diluted (<i>HK cents per share</i>)	8	<u>(1.51)</u>	<u>(2.12)</u>
Loss per share for loss from discontinued operation attributable to the equity holders of the Company:			
Basic and diluted (<i>HK cents per share</i>)	8	–	<u>(0.47)</u>
Loss per share for loss attributable to the equity holders of the Company during the year:			
Basic and diluted (<i>HK cents per share</i>)	8	<u>(1.51)</u>	<u>(2.59)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Assets			
Non-current assets			
Property, plant and equipment		134,589	95,372
Right-of-use assets		54,669	48,208
Intangible assets		725	725
Other financial assets at amortised cost		29,576	28,751
Investment in an associate		1,181	1,380
Investments in joint ventures		11,061	10,654
Deferred income tax assets		256	707
Deposits and prepayments		21,223	20,184
		<u>253,280</u>	<u>205,981</u>
Current assets			
Inventories		5,332	7,794
Trade receivables	9	5,291	4,424
Deposits, prepayments and other receivables		5,310	8,756
Other financial assets at amortised cost		–	2,390
Financial assets at fair value through profit or loss		8,994	16,653
Amounts due from related companies		328	377
Current income tax recoverable		84	1,209
Cash and cash equivalents		100,035	125,024
		<u>125,374</u>	<u>166,627</u>
Total assets		<u>378,654</u>	<u>372,608</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		91,428	100,626
		<u>229,849</u>	<u>239,047</u>
Non-controlling interests		<u>14,219</u>	<u>12,743</u>
Total equity		<u>244,068</u>	<u>251,790</u>

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Liabilities			
Non-current liabilities			
Lease liabilities		23,764	28,719
Other payables		877	–
Deferred income tax liabilities		3,836	4,167
		<u>28,477</u>	<u>32,886</u>
Current liabilities			
Trade payables	<i>10</i>	10,734	12,211
Accruals and other payables		30,454	35,136
Borrowings	<i>11</i>	40,951	22,682
Lease liabilities		23,408	17,680
Amounts due to directors		148	132
Current income tax payable		414	91
		<u>106,109</u>	<u>87,932</u>
Total liabilities		<u>134,586</u>	<u>120,818</u>
Total equity and liabilities		<u>378,654</u>	<u>372,608</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 the consolidated 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) *New and amended standards adopted by the Group*

The Group has applied the following new and amended standards for the financial year beginning 1 April 2023 and are relevant to its operations:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
HKFRS 17	Insurance Contracts
Amendments to HKFRS 17	Amendments to HKFRS 17
Amendments to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information

The adoption of these new and amended standards does not have any significant change to the accounting policies or any significant effect on the results and financial position of the Group.

- (b) *Amended standards and interpretation which are not yet effective for this financial period and have not been early adopted by the Group*

Certain amended standards and interpretation have been published that are not mandatory for the year ended 31 March 2024 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 Covenants	1 January 2024
Amendments to HKFRS 16	Lease liability in a Sales and Leaseback	1 January 2024
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
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Management is in the process of assessing potential impact of the above amended standards and interpretations that are relevant to the Group upon initial application. It is not yet in a position to state whether these amended standards and interpretations will have a significant impact on the Group's results of operations and financial position.

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:

Continuing operations:

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

Discontinued operation:

property agency services segment.

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.

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.

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 year ended 31 March 2024 consists of the revenue from paper printing and banner printing. The Group derives revenue from the sale of goods at a point in time.

Revenue for the year ended 31 March 2023 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.

During the years ended 31 March 2024 and 2023, 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 2024 and 2023 respectively.

For the year ended 31 March 2024:

	Paper printing HK\$'000	Continuing operations Banner printing HK\$'000	Eliminations HK\$'000	Total HK\$'000
Segment revenue				
Revenue from external customers	223,565	92,712	–	316,277
Inter-segment revenue	791	244	(1,035)	–
Total	224,356	92,956	(1,035)	316,277
Segment results	(13,830)	5,448		(8,382)
Unallocated:				
Loss on disposal of a subsidiary				(155)
Finance income				4,952
Finance costs				(3,518)
Share of loss of an associate				(199)
Share of profits of joint ventures				1,218
Loss before income tax				(6,084)
Income tax expense				(816)
Loss for the year				(6,900)
Other information:				
Provision of impairment losses on financial assets	(1,895)	(77)	–	(1,972)
Depreciation of property, plant and equipment	(7,850)	(2,592)	–	(10,442)
Depreciation of right-of-use assets	(17,597)	(7,064)	4,071	(20,590)
Capital expenditures	(25,142)	(2,332)	–	(27,474)
Acquisition of a subsidiary – property, plant and machinery	–	(28,887)	–	(28,887)

For the year ended 31 March 2023:

	Continuing operations			Sub-total <i>HK\$'000</i>	Discontinued operation	Total <i>HK\$'000</i>
	Paper printing <i>HK\$'000</i>	Banner printing <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>		Property agency services <i>HK\$'000</i>	
Segment revenue						
Revenue from external customers	227,582	89,826	–	317,408	9,604	327,012
Inter-segment revenue	625	110	(735)	–	–	–
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 a subsidiary						(1,807)
Finance income						3,924
Finance costs						(1,490)
Share of loss of an associate						(41)
Share of losses of joint ventures						(138)
Loss before income tax						(8,545)
Income tax expense						(1,713)
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	<u>(5,665)</u>	<u>(2,011)</u>	<u>–</u>	<u>(7,676)</u>	<u>–</u>	<u>(7,676)</u>

(b) Segment assets

	Continuing operations		Total <i>HK\$'000</i>
	Paper printing <i>HK\$'000</i>	Banner printing <i>HK\$'000</i>	
As at 31 March 2024	182,873	83,504	266,377
As at 31 March 2023	<u>182,797</u>	<u>52,753</u>	<u>235,550</u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Segment assets	266,377	235,550
Investment in an associate	1,181	1,380
Investments in joint ventures	11,061	10,654
Cash and cash equivalents	100,035	125,024
	<u>378,654</u>	<u>372,608</u>

3 OTHER INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Continuing operations		
Scrap sales	3,124	2,694
Government grant (<i>Note</i>)	802	424
Software licensing income	350	297
Others	959	984
	<u>5,235</u>	<u>4,399</u>

Note: There are no unfulfilled condition or other contingencies attaching to these grants. These amount mainly represents branding promoting and upgrading subsidies received from the Hong Kong Government.

4 OTHER LOSSES – NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Continuing operations		
Losses on disposals of property, plant and equipment	(4,406)	(219)
Exchange losses – net	(1,200)	(839)
Fair value losses on financial assets at fair value through profit or loss	(414)	(1,574)
Others	(167)	315
	<u>(6,187)</u>	<u>(2,317)</u>

5 EXPENSES BY NATURE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Continuing operations		
Cost of materials	65,312	71,797
Remuneration to the Company's auditor		
– Audit services	1,522	3,026
– Non-audit services	140	191
Remuneration to the other auditors		
– Audit services	244	209
– Non-audit services	94	34
Bank charges	4,865	4,903
Employee benefits expense	104,333	113,794
Depreciation of property, plant and equipment	10,442	10,316
Depreciation of right-of-use assets	20,590	18,791
Outsourced customer support expenses	18,763	16,407
Subcontracting fee	43,799	41,230
Operating lease for short-term and low value lease	3,409	3,714
Repairs and maintenance	4,788	4,465
Distribution costs	16,030	15,525
Utility expenses	4,977	4,445
Others	22,582	16,860
	<u>321,890</u>	<u>325,707</u>
Total cost of sales, selling and distribution expenses and administrative expenses		
	<u>321,890</u>	<u>325,707</u>

Others mainly represent advertising and promotion expenses and telecommunication expenses.

6 FINANCE INCOME – NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Continuing operations		
Finance income		
– Interest income from loan receivables	1,829	2,263
– Interest income from bank deposits	3,123	1,653
– Unwinding of interests on refundable rental deposits	–	8
	<u>4,952</u>	<u>3,924</u>
Finance costs		
– Interest expenses on lease liabilities	(2,205)	(775)
– Interest expenses on borrowings	(1,289)	(705)
– Others	(24)	–
	<u>(3,518)</u>	<u>(1,480)</u>
Finance income – net	<u>1,434</u>	<u>2,444</u>

7 INCOME TAX EXPENSE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Continuing operations		
Current income tax		
– Hong Kong profits tax	952	856
(Over)/under-provision in prior years	(256)	136
	<u>696</u>	<u>992</u>
Deferred income tax expense	<u>120</u>	<u>721</u>
Income tax expense	<u>816</u>	<u>1,713</u>

Under the two-tiered profits tax rates regime of Hong Kong profits tax, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% (2023: Same).

Subsidiary incorporated in the People's Republic of China ("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 and therefore was entitled to 15% preferential tax rate for PRC enterprise income tax for three years starting from year ended 31 December 2020 and three years starting from year ended 31 December 2023 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 2024 and 2023.

8 LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue for the years ended 31 March 2024 and 2023.

	2024	2023
Loss from continuing operations attributable to equity holders of the Company (<i>HK\$'000</i>)	(8,306)	(11,675)
Loss from discontinued operation attributable to equity holders of the Company (<i>HK\$'000</i>)	—	(2,568)
	<u>(8,306)</u>	<u>(14,243)</u>
Weighted average number of ordinary shares in issue (<i>thousands</i>)	550,000	550,000
Basic loss per share attributable to the equity holders of the Company		
From continuing operations (<i>HK cents</i>)	(1.51)	(2.12)
From discontinued operation (<i>HK cents</i>)	—	(0.47)
	<u>(1.51)</u>	<u>(2.59)</u>
Total (<i>HK cents</i>)	<u>(1.51)</u>	<u>(2.59)</u>

(b) Diluted loss per share

Diluted loss 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 years ended 31 March 2024 and 2023, the diluted loss per share is the same as the basic loss per share as the share options outstanding were anti-dilutive.

9 TRADE RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	5,752	5,590
Less: loss allowance	(461)	(1,166)
	<u>5,291</u>	<u>4,424</u>
Trade receivables – net	<u>5,291</u>	<u>4,424</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 2024 and 2023, 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 2024 and 2023, 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 2024 and 2023, 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 – 30 days	2,747	2,862
31 – 60 days	1,150	793
Over 60 days	1,855	1,935
	<u>5,752</u>	<u>5,590</u>

10 TRADE PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	<u>10,734</u>	<u>12,211</u>

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 2024 and 2023, 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 – 30 days	5,769	7,677
31 – 60 days	4,604	3,567
61 – 90 days	–	915
Over 90 days	361	52
	<u>10,734</u>	<u>12,211</u>

11 BORROWINGS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trust receipt loans	–	632
Bank loans	<u>40,951</u>	<u>22,050</u>
	<u><u>40,951</u></u>	<u><u>22,682</u></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 2024 and 2023.
- (ii) As at 31 March 2024, 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\$40,779,000 (2023: HK\$20,946,000) are mortgage loans which are secured by properties of the Group with carrying amount of approximately HK\$105,549,000 (2023: HK\$62,488,000).
- (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 2024 and 2023.

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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 1 year	3,534	2,987
Between 1 and 2 years	3,460	1,626
Between 2 and 5 years	11,005	4,546
Over 5 years	<u>22,952</u>	<u>13,523</u>
	<u><u>40,951</u></u>	<u><u>22,682</u></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 years ended 31 March 2024 and 2023 has been declared 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 cents per share, amounting to a total dividend of HK\$4,950,000, was proposed by the Board on 19 August 2022 and approved by the shareholders of the Company at the annual general meeting on 30 September 2022. The final dividend was settled on 24 October 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

The Group always devoted efforts and resources in developing and expanding its printing businesses, as well as enhancing its printing production facilities and technology to capture the customers' needs and market requirements.

As disclosed in the announcement of the Company dated 2 April 2024, Kimley Technology (HK) Limited, an indirect wholly-owned subsidiary of the Company purchased (i) a property located at Unit H4, 3rd Floor, Block 4, Kwun Tong Industrial Centre, Nos. 436-446 Kwun Tong Road, Kowloon, Hong Kong with a saleable area of approximately 1,680 square feet at a consideration of HK\$9,156,000; and (ii) a property located at Unit J4, 3rd Floor, Block 4, Kwun Tong Industrial Centre, Nos. 436-446 Kwun Tong Road, Kowloon, Hong Kong with a saleable area of approximately 1,900 square feet at a consideration of HK\$10,404,000.

As disclosed in the announcements of the Company dated 8 April 2024 and 12 April 2024, Promise Network Printing Limited, an indirect wholly-owned subsidiary of the Company, purchased a Miyakoshi Full-Colour Digital Inject Printer at a consideration of JPY250 million (equivalent to approximately HK\$13.28 million).

The Board presents to its shareholders the result of the Group for the year ended 31 March 2024. As at 31 March 2024 and currently, the Group is principally engaged in two business segments, paper printing business and banner printing business.

Paper printing business

For the paper printing segment, the revenue was mainly derived from the brand "e-print". e-print provides a wide range of paper printing products including leaflets, booklets, business cards, stationery, etc.

For the years ended 31 March 2024 and 2023, the revenue of the Group's paper printing segment were approximately HK\$223.6 million and approximately HK\$227.6 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 2024, the Group recorded revenue from banner printing business of approximately HK\$92.7 million, representing an increase of approximately HK\$2.9 million or approximately 3.2%, as compared with that for the year ended 31 March 2023.

OUTLOOK

In current year, the economy in Hong Kong began to recover, but the complex market environment still has various uncertainties and challenges.

The Group always devoted efforts and resources in enhancing its printing production facilities and technology to capture the customers' needs and market requirements. The Group has acquired permanent properties and advanced printing machines to develop and expand the paper printing and digital printing business. The Group's on-going improvements in printing facilities and production premises can further enhance the Group's competitiveness and differentiate against its competitors in the market.

Despite the current challenging market environment, the Group will continue its effort to strengthen its printing businesses and allocate the resources on a more effective and profitable way. In light of the increasing operating cost, the Group will continue to assess and implement cost control measures to drive margin improvement as well as maximize returns to our shareholders.

FINANCIAL REVIEW

Revenue

For the years ended 31 March 2024 and 2023, the Group reported the revenue of approximately HK\$316.3 million and approximately HK\$317.4 million respectively. The revenue was generated from provision of printing services from paper printing business and banner printing business. The revenue remained relatively stable during both years ended 31 March 2024 and 2023.

Gross profit and gross profit margin

The gross profit of the Group for the year ended 31 March 2024 was approximately HK\$119.2 million, representing a decrease of approximately 3.5% as compared to that for the year ended 31 March 2023. The gross profit margin of the Group slightly dropped from approximately 38.9% for the year ended 31 March 2023 to approximately 37.7% for the year ended 31 March 2024. Although the stable revenue recognized during the years ended 31 March 2024 and 2023, the gross profit and gross profit margin decreased because of the absence of the Employment Support Scheme subsidies resulted in the increase in the cost of sales.

Other income

Other income of the Group mainly consisted of sales of scrap materials. The Group's other income increased from approximately HK\$4.4 million for the year ended 31 March 2023 to approximately HK\$5.2 million for the year ended 31 March 2024, representing an increase of approximately HK\$0.8 million or approximately 18.2%.

Other losses – net

For the year ended 31 March 2024, the Group reported a net loss of approximately HK\$6.2 million representing an increase of approximately HK\$3.9 million as compared to HK\$2.3 million for the year ended 31 March 2023.

The significant increase in amount was mainly attributable to the losses on disposals of property, plant and equipment of approximately HK\$4.4 million and offsetting by the decrease in fair value loss on financial assets at fair value through profit or loss of approximately HK\$1.2 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 represented approximately 10.4% and approximately 9.5% of the revenue for the years ended 31 March 2024 and 2023 respectively. The increase in expenses by approximately HK\$2.7 million was mainly the result of the increased employee benefits expenses of approximately HK\$1.7 million.

Administrative expenses

Administrative expenses mainly included employee benefits expenses and outsourced customer support expenses. Administrative expenses decreased by approximately HK\$9.7 million were mainly attributable to the absence of share based payment expenses of approximately HK\$17.1 million which was arising from the grant of share options to certain eligible employees in December 2022 and offsetting by the increase in employee benefits expenses and outsourced customer support expenses by approximately HK\$2.4 million and approximately HK\$2.4 million respectively.

Finance income

Finance income mainly represented the interest income generated from the loan receivables and bank interest income. The amount increased by approximately HK\$1.0 million was mainly due to the increase in interest income from fixed deposit of approximately HK\$1.5 million and offsetting by the decrease in interest income from loan receivables of approximately HK\$0.4 million.

Finance costs

Finance costs primarily consisted of interest expenses on bank borrowings and interest expenses on lease liabilities. The material increase in finance cost by approximately HK\$2.0 million was mainly due to the increase in interest expenses on lease liabilities and bank borrowings in the amount of approximately HK\$1.4 million and approximately HK\$0.6 million respectively.

Share of loss of an associate

As at 31 March 2024 and 2023, the Group had one associate in Hong Kong which is Step Wise Limited.

For the years ended 31 March 2024 and 2023, the Group recorded the share of loss of an associate of approximately HK\$199,000 and approximately HK\$41,000 respectively.

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 31 March 2024 and 2023, 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 2024, the operation of e-print Solutions Sdn. Bhd. was gradually recovered from the adverse impacts of novel coronavirus disease ("COVID-19") (the "Coronavirus Outbreak") in previous years and resulted in the share of profits of joint ventures for the year ended 31 March 2024 while the Group recorded the share of losses of joint ventures for the year ended 31 March 2023.

Loss for the year from continuing operations attributable to equity holders of the Company

For the year ended 31 March 2024, the loss for the year from continuing operations attributable to equity holders of the Company was approximately HK\$8.3 million, representing a decrease in loss of approximately HK\$3.4 million as compared with that for the year ended 31 March 2023.

Liquidity and Financial Information

As at 31 March 2024, the Group's bank balances and cash was approximately HK\$100.0 million, represented a decrease of approximately HK\$25.0 million when compared with that as at 31 March 2023. The decrease in cash and cash equivalents was mainly due to the acquisition of properties during the year.

As at 31 March 2024 and 31 March 2023, the financial ratios of the Group were as follows:

	As at 31 March 2024	As at 31 March 2023
Current ratio ⁽¹⁾	1.2	1.9
Gearing ratio ⁽²⁾	<u>36.1%</u>	<u>27.4%</u>

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 2024 and 2023, the Group's total bank borrowings amounted to approximately HK\$41.0 million and approximately HK\$22.7 million respectively, representing an increase in bank borrowings by approximately HK\$18.3 million which was arising from the mortgage loans of the new properties acquired during the year by the Group.

All bank borrowings were made from banks in Hong Kong. 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 of Hong Kong Limited (the "Stock Exchange") since 3 December 2013. As at 31 March 2024, the total number of issued ordinary shares of the Company was 550,000,000 shares.

Capital Commitments

As at 31 March 2024, the Group had capital commitments of approximately HK\$9.5 million (31 March 2023: Nil).

Significant Investments Held

In addition to the investments in subsidiaries, joint ventures and an associate, the Group also holds some debentures and equity investments. 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 2024, saved as disclosed elsewhere in this announcement, the Group has no plans for any material investments or capital assets.

Material Acquisition and Disposal

Acquisition of Properties through Acquisition of WAB2 Group (HK) Limited (“WAB2”)

On 1 June 2023, e-banner Limited (“**e-banner**”), an indirect non wholly-owned subsidiary of the Company, Mr. Li Cham Kuen and Mr. Lee Wut Chuen (together with Mr. Li Cham Kuen, collectively 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, representing the entire issued share capital of WAB2, and from Mr. Li Cham Kuen the outstanding shareholder’s loan being owed by WAB2 to Mr. Li Cham Kuen at the completion of the Acquisition (as hereinafter defined) at the consideration of HK\$28,861,000 (subject to adjustment) (the “**Acquisition**”).

WAB2 is principally engaged in property investment. The principal assets of WAB2 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 took place on 13 July 2023 in accordance with the terms and conditions of the Agreement. Upon completion of the Acquisition, WAB2 becomes an indirect non wholly-owned subsidiary of the Company and the financial results of WAB2 are consolidated into the financial statements of the Group.

For further details, please refer to the announcements of the Company dated 1 June 2023, 5 June 2023 and 13 July 2023.

Save as disclosed above, there was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Group during the year ended 31 March 2024.

Exposure to Foreign Exchange Risk

The Group is exposed to foreign exchange risk primarily arising from cash and cash equivalents and deposits and other receivables which are denominated in Japanese Yen (“**JPY**”) and US dollar (“**US\$**”) which are held by group companies who functional currency is not the same as the respective foreign currencies. 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 2024 and 2023, the Group pledged the plant and machinery with carrying values of approximately HK\$18.8 million and approximately HK\$2.3 million respectively, as collaterals to secure the Group's leases liabilities. As at 31 March 2024 and 2023, the Group pledged the properties with the total carrying values of approximately HK\$105.5 million and approximately HK\$62.5 million respectively, as collaterals to secure the Group's mortgage loans.

Capital Expenditure

During the year ended 31 March 2024, the Group invested approximately HK\$27.5 million (2023: HK\$7.7 million) in property, plant and equipment, which represented an increase of approximately HK\$19.8 million in capital expenditure compared with the last year. The significant increase in amount was mainly due to the acquisition of the properties during the year.

EMPLOYEES AND EMOLUMENT POLICIES

At 31 March 2024, the Group had 340 (31 March 2023: 329) 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\$104.3 million for the year ended 31 March 2024 (2023: HK\$113.8 million). The decrease in amount was mainly due to the absence of share based payment expenses and partially offsetting by increase in salaries and allowance.

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 Malaysia rules and regulations and the prevailing regulatory requirements of Malaysia. Share options may be granted under the share option scheme to eligible employees as incentives or rewards for their contribution to the Group; to attract and retain personnel to promote the sustainable development of the Group; and to align the interest with those of the shareholders of the Company to promote the long-term financial and business performance of the Company. In addition, the Group provides training through seminars and forums and encourage the employees to grow with the Group together.

CONTINGENT LIABILITIES

As at 31 March 2024, the Group had no significant contingent liability (31 March 2023: Nil).

EVENTS AFTER THE REPORTING PERIOD

Additional Capital Injection to Top Success Investment Group Limited (“Top Success BVI”)

Reference is made to the Company’s announcement dated 17 March 2020 in relation to the formation of joint venture of Top Success BVI by E-Boss Co., Limited (“**E-Boss**”), an indirect wholly-owned subsidiary of the Company, with Mr. Cheng Hiu Man, Elliott (“**Mr. Cheng**”).

On 17 May 2024, E-Boss signed an application to subscribe for 290,000 new shares in Top Success BVI at the consideration of HK\$14,500,000, representing 72.5% of the enlarged issued share capital of Top Success BVI whereas Mr. Cheng and Mr. Ma Lok Kan (“**Mr. Ma**”) signed the respective application to subscribe for 60,000 new shares and 10,000 new shares in Top Success BVI at the respective consideration of HK\$3,000,000 and HK\$500,000, representing 15.0% and 2.5% of the enlarged issued share capital of Top Success BVI, respectively (the “**Capital Injection**”). On the same date, E-Boss also entered into a shareholders’ agreement with Mr. Cheng, Mr. Ma and Top Success BVI setting out the rights and obligations of the shareholders of Top Success BVI.

Upon completion of the Capital Injection, Top Success BVI becomes an indirect non wholly-owned subsidiary of the Company and the financial information of Top Success BVI and its subsidiaries will be consolidated into that of the Company.

For further details, please refer to the announcement of the Company dated 17 May 2024.

Other than the Capital Injection as disclosed above and the purchase of properties and machinery as disclosed in the section headed “Business Review” above, there is no significant event occurring after the end of the reporting period and up to the date of this announcement.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2024 (2023: Nil).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the shareholders entitled to attend and vote at the forthcoming annual general meeting to be held on Wednesday, 21 August 2024, the register of members of the Company will be closed from Thursday, 15 August 2024 to Wednesday, 21 August 2024, both days inclusive, during which period no transfer of Shares will be registered. All transfer of Shares accompanied by the relevant certificates must be lodged with the Company’s transfer office and share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 14 August 2024.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor its subsidiaries purchased, redeemed or sold any of the Company’s listed securities during the year ended 31 March 2024.

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 C3 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.

CORPORATE GOVERNANCE PRACTICE

The Company has adopted the code provisions set out in the Corporate Governance Code (“**CG Code**”) in Appendix C1 to the Listing Rules as its own code of corporate governance.

During the year ended 31 March 2024, 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 caliber 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 2024.

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 four independent non-executive Directors, namely, Mr. Ma Siu Kit (chairman), Mr. Poon Chun Wai, Mr. Fu Chung and Ms. Yu Mei Hung. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 March 2024.

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 2024 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 2024 containing all the information required by the Listing Rules will be published on the websites of the Stock Exchange and the Company on or before 31 July 2024.

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

Hong Kong, 25 June 2024

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, Mr. Ma Siu Kit and Ms. Yu Mei Hung.