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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 2021**

**FINANCIAL HIGHLIGHTS**

	<b>For the year ended 31 March</b>		
	<b>2021</b>	<b>2020</b>	
	<b>HK\$'million</b>	<b>HK\$'million</b>	<b>Change</b>
<b>Operating Results</b>			
Revenue	<b>266.9</b>	365.8	-27.0%
– e-print segment	<b>210.4</b>	282.3	-25.5%
– e-banner segment	<b>56.5</b>	83.5	-32.3%
Operating profit before other gains/(losses)			
including impairment losses on financial assets – net	<b>19.6</b>	15.5	26.5%
– e-print segment	<b>19.3</b>	14.5	33.1%
– e-banner segment	<b>0.3</b>	1.0	-70.0%
Other gains/(losses) including impairment losses on			
financial assets – net	<b>0.7</b>	(9.6)	-107.3%
– e-print segment	<b>0.8</b>	(9.6)	-108.3%
– e-banner segment	<b>(0.1)</b>	0.0	N/A
Operating profit	<b>20.3</b>	5.9	244.1%
– e-print segment	<b>20.3</b>	4.9	314.3%
– e-banner segment	<b>0.0</b>	1.0	-100.0%
Profit for the year attributable to			
– equity holders of Company	<b>19.0</b>	5.7	233.3%
– non-controlling interests	<b>0.3</b>	(0.2)	-250.0%

	For the year ended 31 March		Change
	2021	2020	
Net profit margin % (Attributable to equity holders of the Company)	7.1%	1.6%	
Gross profit margin %	38.7%	34.8%	
Basic earnings per share ( <i>HK Cents</i> )	3.46	1.03	235.9%
	As at 31 March		Change
	2021 <i>HK\$'million</i>	2020 <i>HK\$'million</i>	
<b>Financial Position</b>			
Total assets	331.2	327.6	1.1%
Total equity	250.7	230.0	9.0%
Cash and cash equivalents	106.6	101.5	5.0%

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 2021, together with the comparative figures for the year ended 31 March 2020, are as follows:

## **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the year ended 31 March 2021*

	<i>Note</i>	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
Revenue	2	<b>266,902</b>	365,801
Cost of sales	5	<b>(163,649)</b>	(238,500)
Gross profit		<b>103,253</b>	127,301
Other income	3	<b>2,665</b>	2,339
Other gains/(losses) – net	4	<b>1,414</b>	(8,506)
Selling and distribution expenses	5	<b>(25,570)</b>	(33,340)
Administrative expenses	5	<b>(60,802)</b>	(80,787)
Impairment losses on financial assets		<b>(685)</b>	(1,117)
Operating profit		<b>20,275</b>	5,890
Finance income	6	<b>3,333</b>	2,902
Finance costs	6	<b>(1,553)</b>	(2,090)
Finance income – net	6	<b>1,780</b>	812
Share of (losses)/profits of associates		<b>(1,441)</b>	249
Share of profits of joint ventures		<b>375</b>	1,648
		<b>(1,066)</b>	1,897
Profit before income tax		<b>20,989</b>	8,599
Income tax expense	7	<b>(1,650)</b>	(3,153)
Profit for the year		<b>19,339</b>	5,446
Other comprehensive income/(loss):			
<i>Items that may be reclassified to profit or loss:</i>			
Release of exchange reserve to profit or loss upon closure of an associate		<b>171</b>	–
Currency translation differences		<b>1,140</b>	(1,551)
Total comprehensive income for the year		<b>20,650</b>	3,895

	<i>Note</i>	<b>2021</b> <b><i>HK\$'000</i></b>	2020 <i>HK\$'000</i>
Profit/(loss) for the year attributable to:			
– Equity holders of the Company		<b>19,009</b>	5,688
– Non-controlling interests		<b>330</b>	(242)
		<u><b>19,339</b></u>	<u>5,446</u>
Earnings per share for profit attributable to equity holders of the Company during the year			
– Basic and diluted (expressed in HK cents per share)	8	<u><b>3.46</b></u>	<u>1.03</u>
Total comprehensive income/(loss) for the year attributable to:			
– Equity holders of the Company		<b>20,297</b>	4,224
– Non-controlling interests		<b>353</b>	(329)
		<u><b>20,650</b></u>	<u>3,895</u>

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*As at 31 March 2021*

	<i>Note</i>	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
Assets			
Non-current assets			
Property, plant and equipment		<b>101,106</b>	108,365
Right-of-use assets		<b>20,206</b>	38,151
Intangible assets		<b>725</b>	725
Other financial assets at amortised cost		<b>33,643</b>	833
Investments in associates		<b>681</b>	2,407
Investments in joint ventures		<b>13,078</b>	11,792
Deferred income tax assets		<b>3,059</b>	2,134
Deposits and prepayments		<b>770</b>	2,921
		<b>173,268</b>	167,328
Current assets			
Inventories		<b>6,614</b>	6,804
Trade receivables	9	<b>4,982</b>	4,168
Deposits, prepayments and other receivables		<b>8,335</b>	9,184
Other financial assets at amortised cost		<b>11,953</b>	12,965
Financial assets at fair value through profit or loss		<b>19,185</b>	25,469
Amounts due from related companies		<b>250</b>	159
Cash and cash equivalents		<b>106,565</b>	101,525
		<b>157,884</b>	160,274
Total assets		<b>331,152</b>	327,602
Equity			
Capital and reserves attributable to the equity holders of the Company			
Share capital		<b>5,500</b>	5,500
Share premium		<b>132,921</b>	132,921
Other reserves		<b>105,727</b>	85,430
		<b>244,148</b>	223,851
Non-controlling interests		<b>6,507</b>	6,154
Total equity		<b>250,655</b>	230,005

		<b>2021</b>	2020
	<i>Note</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Liabilities			
Non-current liabilities			
Lease liabilities		<b>2,053</b>	17,004
Other payables		<b>470</b>	766
Deferred income tax liabilities		<b>6,009</b>	6,348
		<u><b>8,532</b></u>	<u>24,118</u>
Current liabilities			
Trade payables	<i>10</i>	<b>7,186</b>	5,998
Accruals and other payables		<b>26,005</b>	24,596
Borrowings	<i>11</i>	<b>19,904</b>	21,157
Lease liabilities		<b>17,513</b>	20,200
Amounts due to related parties		<b>201</b>	201
Amounts due to directors		<b>165</b>	165
Current income tax payable		<b>991</b>	1,162
		<u><b>71,965</b></u>	<u>73,479</u>
Total liabilities		<u><b>80,497</b></u>	<u>97,597</u>
Total equity and liabilities		<u><b>331,152</b></u>	<u>327,602</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 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 and revised conceptual framework adopted by the Group*

The Group has applied the following amendments and revised conceptual framework for the financial year beginning 1 April 2020 and are relevant to its operations:

Amendments to HKAS 1 and HKAS 8	Definition of material
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Interest rate benchmark reform
Amendments to HKFRS 3	Definition of a business
Amendments to HKFRS 16 ( <i>Note</i> )	COVID-19 related rent concessions
Conceptual Framework for Financial Reporting 2018	Revised conceptual framework for financial reporting

#### *Note:*

HKFRS 16 (Amendment), “COVID-19 – related Rent Concessions” (effective for annual periods beginning on or after 1 June 2020, early application of the amendments is permitted). The Group has early adopted Amendments to HKFRS 16 from 1 April 2020. The amendment provides lessees with exemption from assessing whether COVID-19 – related rent concession is a lease modification and requires lessees that apply the exemption to account for COVID-19– related rent concession as if they were not lease modifications. In applying HKFRS 16 (Amendment) for the first time, the Group has applied the practical expedient and elected not to assess whether COVID-19 – related rent concession is a lease modification. All of the COVID-19 – related rent concessions amounted to HK\$166,000 has been credited to the profit or loss within “other gains/ (losses) – net”.

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

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

Certain new accounting standards, amendments to existing standards and annual improvements have been published that are not mandatory for 31 March 2021 reporting periods and have not been early adopted by the Group.

		<b>Effective for annual periods beginning on or after</b>
Amendments to annual improvements project	Annual improvements 2018-2020 cycle	1 April 2022
Amendments to HKAS 1	Presentation of financial statements on classification of liabilities	1 April 2023
Amendments to HKAS 1 and Practice Statement 2	Disclosure of accounting policies	1 April 2023
Amendments to HKAS 8	Definition of accounting estimates	1 April 2023
Amendments to HKAS 16	Property, plant and equipment: Proceeds before intended use	1 April 2022
Amendments to HKAS 37	Onerous contracts: Costs of fulfilling a contract	1 April 2022
Amendments to HKFRS 3	Reference to the conceptual framework	1 April 2022
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest rate benchmark Reform – Phase 2	1 April 2021
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	Covid-19 – Related rent concessions beyond 30 June 2021	1 April 2021
HKFRS 17	Insurance contracts	1 April 2023
Hong Kong Interpretation 5 (2020)	Presentation of financial statements	1 April 2023
Revised Accounting Guideline 5	Merger accounting for common control combination	1 April 2022

*Note:* To be announced by HKICPA

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



## 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 two business segments:

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

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

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 consists of the revenue from paper printing and banner printing. The Group derives all revenue from the sale of goods at a point in time.

During the years ended 31 March 2021 and 2020, 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 2021 and 2020 respectively.

For the year ended 31 March 2021:

	Paper printing <i>HK\$'000</i>	Banner printing <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue				
Revenue from external customers <sup>1</sup>	210,438	56,464	–	266,902
Inter-segment revenue	610	34	(644)	–
Total	<u>211,048</u>	<u>56,498</u>	<u>(644)</u>	<u>266,902</u>
Segment results	<u>20,311</u>	<u>(36)</u>		<u>20,275</u>
Unallocated:				
Finance income				3,333
Finance costs				(1,553)
Share of losses of associates				(1,441)
Share of profits of joint ventures				375
Profit before income tax				20,989
Income tax expense				(1,650)
Profit for the year				<u>19,339</u>
Other information:				
Impairment losses on financial assets	156	529		685
Depreciation of property, plant and equipment	10,237	1,148		11,385
Depreciation of right-of-use assets	12,944	7,495		20,439
Capital expenditure	<u>5,187</u>	<u>2,109</u>		<u>7,296</u>

For the year ended 31 March 2020:

	Paper printing HK\$'000	Banner printing HK\$'000	Eliminations HK\$'000	Total HK\$'000
Segment revenue				
Revenue from external customers <sup>1</sup>	282,257	83,544	–	365,801
Inter-segment revenue	<u>378</u>	<u>107</u>	<u>(485)</u>	<u>–</u>
Total	<u>282,635</u>	<u>83,651</u>	<u>(485)</u>	<u>365,801</u>
Segment results	<u>4,897</u>	<u>993</u>		<u>5,890</u>
Unallocated:				
Finance income				2,902
Finance costs				(2,090)
Share of profits of associates				249
Share of profits of joint ventures				<u>1,648</u>
Profit before income tax				8,599
Income tax expense				<u>(3,153)</u>
Profit for the year				<u>5,446</u>
Other information:				
Impairment losses on financial assets	807	310		1,117
Depreciation of property, plant and equipment	10,381	3,220		13,601
Depreciation of right-of-use assets	15,485	5,653		21,138
Capital expenditure	<u>11,566</u>	<u>5,438</u>		<u>17,004</u>

<sup>1</sup> Included revenue of approximately HK\$8,542,000 (2020: HK\$10,813,000) derived from shipping service.

**b) Segment assets**

	<b>Paper printing HK\$'000</b>	<b>Banner printing HK\$'000</b>	<b>Total HK\$'000</b>
As at 31 March 2021	<b>175,751</b>	<b>35,077</b>	<b>210,828</b>
As at 31 March 2020	<b>172,674</b>	<b>39,204</b>	<b>211,878</b>

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

	<b>2021 HK\$'000</b>	<b>2020 HK\$'000</b>
Segment assets	<b>210,828</b>	211,878
Investment in associates	<b>681</b>	2,407
Investment in joint ventures	<b>13,078</b>	11,792
Cash and cash equivalent	<b>106,565</b>	101,525
	<b>331,152</b>	327,602

**3 OTHER INCOME**

	<b>2021 HK\$'000</b>	<b>2020 HK\$'000</b>
Scrap sales	<b>1,438</b>	1,552
Government grant	<b>544</b>	318
Sales of software	<b>297</b>	297
Others	<b>386</b>	172
	<b>2,665</b>	2,339

**4 OTHER GAINS/(LOSSES) – NET**

	<b>2021 HK\$'000</b>	<b>2020 HK\$'000</b>
Losses on disposals of property, plant and equipment	<b>(528)</b>	(1,325)
Exchange losses – net	<b>(58)</b>	(267)
Losses on closure of an associate	<b>(171)</b>	–
Fair value gains/(losses) on financial assets at fair value through profit or loss	<b>1,938</b>	(6,922)
Others	<b>233</b>	8
	<b>1,414</b>	(8,506)

## 5 EXPENSES BY NATURE

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Cost of materials	49,366	54,551
Auditor's remuneration		
– Audit services	1,080	1,107
– Non-audit services	250	277
Employee benefits expense	59,728	84,226
Depreciation of property, plant and equipment	11,385	13,601
Depreciation of right-of-use assets	20,439	21,138
Outsourced customer support expenses	16,738	21,608
Subcontracting fee	58,004	111,288
Operating lease for short-term and low value lease	2,762	4,345
Repairs and maintenance	2,686	3,177
Distribution costs	11,931	15,910
Utility expenses	2,327	3,566
Others	13,325	17,833
	<hr/>	<hr/>
Total cost of sales, selling and distribution expenses and administrative expenses	<u>250,021</u>	<u>352,627</u>

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

## 6 FINANCE INCOME – NET

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Finance income		
– Interest income from loan receivables	2,700	1,215
– Interest income from bank deposits	401	1,464
– Unwinding of interests on refundable rental deposits	232	223
	<hr/>	<hr/>
	3,333	2,902
	<hr/>	<hr/>
Finance costs		
– Interest expenses on lease liabilities	(1,103)	(1,544)
– Interest expenses on borrowings	(450)	(546)
	<hr/>	<hr/>
	(1,553)	(2,090)
	<hr/>	<hr/>
Finance income – net	<u>1,780</u>	<u>812</u>

## 7 INCOME TAX EXPENSE

	2021 HK\$'000	2020 HK\$'000
Current income tax		
– Hong Kong profits tax	2,882	3,550
– PRC corporate income tax	–	35
Under/(over)-provision in prior years	32	(58)
	<u>2,914</u>	<u>3,527</u>
Deferred income tax	(1,264)	(374)
Income tax expense	<u>1,650</u>	<u>3,153</u>

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 years ended 31 March 2021 and 2020.

Subsidiary incorporated in the PRC is subject to PRC corporate income tax based on the statutory income tax rate of 25% for the year (2020: 25%) as determined in accordance with the relevant PRC income tax rules and regulations. The Company has not been subject to any taxation in the Cayman Islands as it does not have any assessable profit since its incorporation.

## 8 EARNINGS PER SHARE

### (a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue for the years ended 31 March 2021 and 2020.

	2021	2020
Profit attributable to equity holders of the Company (HK\$'000)	19,009	5,688
Weighted average number of ordinary shares in issue (thousands)	<u>550,000</u>	<u>550,000</u>
Basic earnings per share (HK cents)	<u>3.46</u>	<u>1.03</u>

### (b) Diluted earnings per share

Diluted earnings per share is the same as the basic earnings per share for the years ended 31 March 2021 and 2020 as there were no potential dilutive ordinary shares outstanding during the years.

## 9 TRADE RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	5,985	4,493
Less: loss allowance	<u>(1,003)</u>	<u>(325)</u>
Trade receivables – net	<u><u>4,982</u></u>	<u><u>4,168</u></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 2021 and 2020, 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 2021 and 2020, 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 2021 and 2020, 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 – 30 days	2,641	1,821
31 – 60 days	753	560
Over 60 days	<u>2,591</u>	<u>2,112</u>
	<u><u>5,985</u></u>	<u><u>4,493</u></u>

## 10 TRADE PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables	<u>7,186</u>	<u>5,998</u>

*Notes:*

- (i) Payment terms granted by suppliers are mainly on credit. The credit period ranges from 30 to 90 days.
- (ii) As 31 March 2021, 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 – 30 days	6,222	4,091
31 – 60 days	646	1,265
61 – 90 days	318	–
Over 90 days	–	642
	<u>7,186</u>	<u>5,998</u>

## 11 BORROWINGS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current		
Trust receipt loans	961	1,208
Bank loans	<u>18,943</u>	<u>19,949</u>
	<u>19,904</u>	<u>21,157</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 2021 and 2020.
- (ii) As at 31 March 2021, 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\$18,943,000 (2020: HK\$19,949,000) are mortgage loans which are secured by properties of the Group of approximately HK\$58,078,000 (2020: HK\$60,290,000).



- (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 2021 and 2020.

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:

	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
Within 1 year	<b>1,987</b>	2,212
Between 1 and 2 years	<b>1,049</b>	1,026
Between 2 and 5 years	<b>3,294</b>	3,220
Over 5 years	<b>13,574</b>	14,699
	<hr/> <b>19,904</b> <hr/>	<hr/> 21,157 <hr/>

*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 dividends paid for the year ended 31 March 2021 (For the year ended 31 March 2020, the dividend paid was amounted to approximately HK\$8,800,000).

No dividend in respect of the year ended 31 March 2021 has been declared as of the date of approval of these consolidated financial statements (2020: Nil).

## 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.

The Board presents to its shareholders the result of the Group for the year ended 31 March 2021. In the current financial year, affected by the COVID-19 and the macroeconomic downturn, the Group's revenue decreased by 27.0%, from HK\$365.8 million to HK\$266.9 million. Although the revenue dropped, the gross profit margin was increased from 34.8% to 38.7% as the cost of sales decreased in a higher degree.

The Group's audited profit attributable to equity holders for the year ended 31 March 2021 was HK\$19.0 million, representing an increase of 233.3% when compared with last year. The increasing net profit was mainly attributed to (i) effective cost control measures implemented by the Group which resulted in the decrease in expenses, (ii) material increase in fair value gain from investments held by the Group measured at fair value through profit or loss and (iii) receipt of subsidies under the Employment Support Scheme of the Government of the Hong Kong Special Administrative Region.

For the year ended 31 March 2021 ("FY2020/21") and for the year ended 31 March 2020 ("FY2019/20"), the revenue of the Group's paper printing segment were approximately HK\$210.4 million and HK\$282.3 million respectively, representing a decrease of HK\$71.9 million or 25.5%. Affected by the coronavirus outbreak and the macroeconomic downturn, the sales volume for the year ended 31 March 2021 declined as compared with that of the year ended 31 March 2020. The advertising printing was still the major contributor of the segment's revenue and recorded the amount of HK\$82.8 million, representing 31.0% to the revenue for the year. The segment's gross profit margin has been increased from 34.2% to 38.7%, and the major reason was that the cost control on subcontracting fee which was decreased by 47.9%.

For the Group's banner printing segment, similar to paper printing segment, the revenue decreased by HK\$27.0 million or 32.3%. Subject to above mentioned drop in market demand, the revenue decreased during the year.

## OUTLOOK

During FY2020/21, the business environment and operation of the Group was still challenging and difficult, both printing business and banner business were suffered from the impact of COVID-19 and the macroeconomic downturn, and thus the sales volume was declined during the reporting period. In the coming period, the management expects that the operating environment in Hong Kong will remain challenging and uncertain. With the unfavorable conditions, the Group will continue to closely monitor the changing of the business environment and implement the measures in order to overcome the challenges to maintain the profitability and maximise the shareholder's value. In addition, the Company will continuity proactively to explore different business opportunities for business development through diversifying the business portfolio into new businesses.

Under the leadership of the Board, the management of the Group has formed a broad consensus in response to the key improvement areas in the existing business operation and market expansion in order to further enhance the Group's overall competitiveness. The Group will continue to strengthen its market position and increase its market share by adopting the following approaches:

- Strengthening the cost control to maintain the competitive pricing strategy.
- Developing the new business line and customised products and services to meet the market demand.
- Continuously effort to improve the value added services, including but not limited to the e-print app, self – service Platform, phone ordering system, self checkout and collecting counters and the storage and delivery system.

## FINANCIAL REVIEW

### Revenue

Revenue from the provision of printing and other services significantly decreased by HK\$98.9 million or 27.0% from HK\$365.8 million to HK\$266.9 million. The overall market demand was impacted by the macroeconomic downturn and coronavirus outbreak, and thus the sales volume of the Group declined during FY2020/21.

The following table sets forth a breakdown of the revenue by service category and their respective percentage of the total revenue for the years indicated.

	2021 <i>HK\$'000</i>		2020 <i>HK\$'000</i>	
Advertising printing	82,829	31.0%	114,129	31.2%
Bound book printing	53,831	20.2%	80,910	22.1%
Stationery printing	60,228	22.6%	73,139	20.0%
Banner printing	50,183	18.8%	73,212	20.0%
Other services	19,831	7.4%	24,411	6.7%
Total	<u>266,902</u>	<u>100%</u>	<u>365,801</u>	<u>100%</u>

The contribution to the sales mix remained stable. The advertising printing was still the major contributor of the revenue, which accounted for 31.0% of the total revenue for FY2020/21.

	2021 <i>HK\$'000</i>		2020 <i>HK\$'000</i>	
<b>Sales Channels</b>				
Stores	46,094	17.3%	61,997	16.9%
Websites	147,606	55.3%	192,257	52.6%
Others ( <i>Note</i> )	73,202	27.4%	111,547	30.5%
Total	<u>266,902</u>	<u>100%</u>	<u>365,801</u>	<u>100%</u>

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

Websites remained the major sales channel and it contributed 55.3% of total revenue for FY2020/21, represented an increase of 2.7% when compared with last year. The sales contributed by stores increased from 16.9% for FY2019/20 to 17.3% to FY2020/21.

## **Other income**

Other income of the Group mainly consisted of sales of scrap materials. The Group's other income slightly increased from HK\$2.3 million in FY2019/20 to HK\$2.7 million in FY2020/21, representing an increase of HK\$0.4 million.

## **Other gains/(losses) – net**

For FY2020/21, the Group recorded a net gain of HK\$1.4 million, representing an increase of HK\$9.9 million as compared to a net loss of HK\$8.5 million for FY2019/20. The gain in FY2020/21 was mainly attributable to the fair value gain of HK\$1.9 million on the mutual fund investments held by the Group during FY2020/21 while the material loss in FY2019/20 was arising from the fair value loss of approximately HK\$5.3 million on the listed equity investment held by the Group which was caused by significant decrease in the share price of SingAsia Holdings Limited.

## **Selling and distribution expenses**

Selling and distribution expenses mainly consisted of staff costs, handling charges for electronic payments, and rental charges. Selling and distribution expenses represented 9.6% and 9.1% of the revenue for FY2020/21 and FY2019/20 respectively. The decrease of HK\$7.8 million was the result of the decreased staff cost of HK\$4.3 million.

## **Administrative expenses**

Administrative expenses mainly included staff costs and outsourced customer support expenses. Administrative expenses represented 22.8% and 22.1% of the total revenue for FY2020/21 and FY2019/20 respectively. The amount decreased by HK\$20.0 million from HK\$80.8 million for FY2019/20 to HK\$60.8 million for FY2020/21. The overall decrease in expenses was the result of decreased staff costs and outsourced customer support expenses.

## **Finance income**

Finance income mainly represented the interest income generated from the loan receivables and bank interest income. The income increased by HK\$0.4 million or 14.9% as the Group allocated more funds to the loans receivables in which the interest rate of loan receivables was favourable than that of bank during FY2020/21.

## **Finance costs**

Finance costs primarily consisted of interest expenses on bank borrowings and interest expenses on lease liabilities. The overall decrease in finance cost by HK\$0.5 million or 25.7% was mainly due to the drop in interest expenses on lease liabilities in the amount of HK\$0.4 million for FY2020/21.

## Share of profits of joint ventures

Share of profits of joint ventures represented the share of results of the Group's joint ventures. As at 31 March 2021, 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 FY2020/21, the operation of e-print Solutions Sdn. Bhd was suffered from the coronavirus outbreak, and thus, the sales volume and revenue declined as compared with that of FY2019/20 in which led to the overall decrease in share of profits of joint ventures.

## Share of losses of associates

The amount represented the share of results of the Group's associates in Hong Kong, which are Sakura Japan Property (Hong Kong) Limited and E-post Limited respectively.

The share of losses of associates was mainly due to the drop in sales volume and revenue which was affected by the coronavirus outbreak and the macroeconomic downturn during the financial year.

## Profit for the year attributable to equity holders of the Company

Profit for the year attributable to equity holders of the Company increased by HK\$13.3 million or 233.3%, from HK\$5.7 million for FY2019/20 to HK\$19.0 million for FY2020/21. The increase in the profit for the year attributable to equity holders of the Company was mainly due to the fair value gain of approximately HK\$1.9 million on the mutual fund investments held by the Group during FY2020/21 and the decrease in the operating costs of the Group compared with that of same period of last year.

## Liquidity and Financial Information

As at 31 March 2021, the Group's bank balances and cash was HK\$106.6 million, represented an increase of HK\$5.0 million when compared with that as at 31 March 2020. As at 31 March 2021 and 31 March 2020, the financial ratios of the Group were as follows:

	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Current ratio <sup>(1)</sup>	<b>2.2</b>	2.2
Gearing ratio <sup>(2)</sup>	<b>15.7%</b>	25.4%

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**

The Group's bank borrowings balance as at 31 March 2021 and 31 March 2020 were HK\$19.9 million and HK\$21.2 million respectively. All bank borrowings were made from banks in Hong Kong and were repayable within one year, except a mortgage loan with the carrying amount of HK\$18.9 million which will be matured in 2036. No financial instruments were used for hedging purposes, nor were there any foreign currency net investments hedged by current borrowings and/or other hedging instruments. The weighted average interest rates (per annum) were 2.3% for FY2020/21 and FY2019/20.

## **Treasury Policies**

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time. Surplus cash will be invested to meet the Group's cash need in support of the Group's strategy direction from time to time.

## **Capital Structure**

The capital of the Company comprises ordinary shares and other reserves. The shares of the Company have been listed on the Main Board of the Stock Exchange since 3 December 2013. As at 31 March 2021, the total number of issued ordinary shares of the Company was 550,000,000 shares.

## **Capital Commitments**

As at 31 March 2021, the Group did not have capital commitments.

## **Significant Investments Held**

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

## **Future Plans for Material Investments and Capital Assets**

The Group did not have plans for material investments and capital assets as at 31 March 2021.

## **Material Acquisitions or Disposal**

The Group did not have any material acquisition or disposal of associates, joint ventures or subsidiaries for FY2020/21.

## **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.

## **Charge of Assets**

At 31 March 2021 and 2020, the Group pledged the plant and machinery with a carrying value of HK\$2.7 million and HK\$4.3 million respectively, as collaterals to secure the Group's leases liabilities. As at 31 March 2021 and 2020, the Group pledged two properties with the total carrying value of HK\$58.1 million and HK\$60.3 million respectively, as collaterals to secure the Group's mortgage loan.

## **Capital Expenditure**

During the year, the Group invested HK\$7.3 million (2020: HK\$17.0 million) in property, plant and equipment and right-of-use assets, which represented a decrease of HK\$9.7 million in capital expenditure than last year.

## **EMPLOYEES AND EMOLUMENT POLICIES**

At 31 March 2021, the Group had 302 (2020: 288) full time employees. 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 FY2020/21 (2020: Nil).

## **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 FY2020/21.



## 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 Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) 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 FY2020/21, the Company was in compliance with the code provisions set out in the CG Code except for the deviation as explained below.

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

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 FY2020/21.

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.

## 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 of the Company to be held on 13 August 2021, the register of members of the Company will be closed from Monday, 9 August 2021 to Friday, 13 August 2021, 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 Level 54, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 6 August 2021.

## 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 Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. 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 financial statements of the Group for FY2020/21.

## REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group’s results for FY2020/21 have been agreed by the Group’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

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

Hong Kong, 24 June 2021

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