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eprint GROUP LIMITED

eprint 集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1884)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

FINANCIAL HIGHLIGHTS			
	For the six months ended 30 September		
	2021	2020	Change
	HK\$'000	HK\$'000	
	(Unaudited)	(Unaudited)	
Operating Results			
Revenue	154,081	128,375	20.0%
– e-print segment	119,331	101,980	17.0%
– e-banner segment	34,750	26,395	31.7%
Operating profit before other (losses)/gains – net	8,241	5,540	48.8%
– e-print segment	5,147	6,464	(20.4%)
– e-banner segment	3,094	(924)	(434.8%)
Other (losses)/gains – net	(472)	1,375	(134.3%)
– e-print segment	(501)	1,340	(137.4%)
– e-banner segment	29	35	(17.1%)
Operating profit	7,769	6,915	12.3%
– e-print segment	4,646	7,804	(40.5%)
– e-banner segment	3,123	(889)	(451.3%)
Profit for the period attributable to			
– equity holders of company	4,493	5,181	(13.3%)
– non-controlling interests	1,162	(115)	(1,110.4%)
Net profit margin % (Attributable to equity holders of the Company)	2.9%	4.0%	
Gross profit margin %	38.4%	37.5%	
Basic earnings per share (HK Cents)	0.82	0.94	(12.8%)
	As at	As at	
	30 September	31 March	
	2021	2021	Change
	HK\$'000	HK\$'000	
	(Unaudited)	(Audited)	
Financial Position			
Total assets	331,422	331,152	0.1%
Total equity	256,240	250,655	2.2%
Cash and cash equivalents	122,828	106,565	15.3%

The board (the “**Board**”) of directors (the “**Directors**”) of eprint Group Limited (the “**Company**”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2021, together with the comparative figures for the corresponding period in 2020.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2021

		Six months ended	
		30 September	
		2021	2020
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Revenue		154,081	128,375
Cost of sales		(94,896)	(80,256)
Gross profit		59,185	48,119
Other income		1,480	1,376
Other (losses)/gains – net		(472)	1,375
Selling and distribution expenses		(13,928)	(12,973)
Administrative expenses		(38,496)	(30,982)
Operating profit	4	7,769	6,915
Finance income		1,564	1,527
Finance costs		(502)	(857)
Finance income – net	5	1,062	670
Share of losses of joint ventures		(999)	(224)
Share of losses of associates		(432)	(1,233)
Profit before income tax		7,400	6,128
Income tax expense	6	(1,745)	(1,062)
Profit for the period		5,655	5,066

		Six months ended	
		30 September	
		2021	2020
	<i>Note</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Other comprehensive (loss)/income:			
<i>Item that may be subsequently reclassified to profit or loss</i>			
Currency translation differences		<u>(70)</u>	<u>1,077</u>
Total comprehensive income for the period		<u>5,585</u>	<u>6,143</u>
Profit/(loss) for the period attributable to:			
Equity holders of the Company		<u>4,493</u>	<u>5,181</u>
Non-controlling interest		<u>1,162</u>	<u>(115)</u>
		<u>5,655</u>	<u>5,066</u>
Earnings per share for profit attributable to equity holders of the Company during the period			
– Basic and diluted (expressed in HK cents per share)	7	<u>0.82</u>	<u>0.94</u>
Total comprehensive income/(loss) for the period attributable to:			
Equity holders of the Company		<u>4,425</u>	<u>6,239</u>
Non-controlling interest		<u>1,160</u>	<u>(96)</u>
		<u>5,585</u>	<u>6,143</u>

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

		As at 30 September 2021	As at 31 March 2021
	<i>Note</i>	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment		96,052	101,106
Right-of-use assets		14,037	20,206
Intangible assets		725	725
Other financial assets at amortised cost		33,724	33,643
Investments in associates		250	681
Investments in joint ventures		11,994	13,078
Deferred income tax assets		2,535	3,059
Deposits and prepayments		3,635	770
		<hr/> 162,952 <hr/>	<hr/> 173,268 <hr/>
Current assets			
Inventories		7,234	6,614
Trade receivables	<i>10</i>	4,369	4,982
Deposits, prepayments and other receivables		13,418	8,335
Other financial assets at amortised cost		264	11,953
Financial assets at fair value through profit or loss	<i>9</i>	20,031	19,185
Amounts due from related companies		326	250
Cash and cash equivalents		122,828	106,565
		<hr/> 168,470 <hr/>	<hr/> 157,884 <hr/>
Total assets		<hr/> 331,422 <hr/>	<hr/> 331,152 <hr/>

	As at 30 September 2021	As at 31 March 2021
<i>Note</i>	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Equity		
Capital and reserves attributable to the equity holders of the Company		
Share capital	5,500	5,500
Share premium	132,921	132,921
Other reserves	110,152	105,727
	<u>248,573</u>	<u>244,148</u>
Non-controlling interests	7,667	6,507
	<u>256,240</u>	<u>250,655</u>
Liabilities		
Non-current liabilities		
Lease liabilities	2,125	2,053
Other payables	321	470
Deferred income tax liabilities	5,602	6,009
	<u>8,048</u>	<u>8,532</u>
Current liabilities		
Trade payables	11 9,990	7,186
Accruals and other payables	23,084	26,005
Borrowings	21,635	19,904
Lease liabilities	10,262	17,513
Amounts due to related companies	201	201
Amounts due to directors	165	165
Current income tax payable	1,797	991
	<u>67,134</u>	<u>71,965</u>
Total liabilities	<u>75,182</u>	<u>80,497</u>
Total equity and liabilities	<u>331,422</u>	<u>331,152</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

1 BASIS OF PREPARATION

This condensed interim consolidated financial information for the six months ended 30 September 2021 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the requirements of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

This condensed interim consolidated financial information should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 March 2021, which are prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

2 PRINCIPAL ACCOUNTING POLICIES

The accounting policies applied are consistent with those used in preparing the Group’s financial statements for the year ended 31 March 2021, except as stated below.

- (a) The following amendment to standard is mandatory for the Group’s accounting period beginning on 1 April 2021:

HKFRS 9, HKAS 39, HKFRS 7, Interest rate benchmark reform – Phase 2

HKFRS 4 and HKFRS 16

(Amendments)

HKFRS 16 (Amendments) Covid-19 – Related rent concessions beyond 30 June 2021

The Group has adopted these amendments and the adoption of these amendments did not have significant impacts on the Group’s results and financial position.

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

- (b) The following new standards and amendments have been issued, but are not effective for the Group's accounting period beginning on 1 April 2021 and have not been early adopted:

		Effective for accounting periods beginning on or after
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope Amendments	1 January 2022
Amendments to Annual Improvement Project	Annual Improvements to 2018 – 2020 cycle (HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41)	1 January 2022
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations	1 January 2022
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
HK-Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
HKFRS 17	Amendments to HKFRS 17	1 January 2023
Amendments to HKAS 8	Accounting Policies, Change in Accounting Estimates and Errors	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associates or Joint Venture	<i>Note</i>

Note: To be announced by HKICPA

The Directors are in the process of assessing the financial impact of the adoption of the above new standards and amendments to standards. The Directors will adopt the new standards and amendments when they become effective.

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

3 SEGMENT INFORMATION

The chief operating decision-maker has been identified as the 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 condensed interim consolidated financial information.

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

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

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

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

During the six months ended 30 September 2021 and 2020, no external customers contributed over 10% of the Group’s revenue.

The following tables present revenue and segment results regarding the Group's reportable segments for the six months ended 30 September 2021 and 2020 respectively.

	For the six months ended 30 September 2021			
	Paper printing HK\$'000 (Unaudited)	Banner printing HK\$'000 (Unaudited)	Eliminations HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment revenue				
Revenue from external customers ¹	119,331	34,750	–	154,081
Inter-segment revenue	300	17	(317)	–
	<u>119,631</u>	<u>34,767</u>	<u>(317)</u>	<u>154,081</u>
Total	119,631	34,767	(317)	154,081
Segment results	4,646	3,123		7,769
Unallocated:				
Finance income				1,564
Finance costs				(502)
Share of losses of joint ventures				(999)
Share of losses of associates				(432)
				<u>7,400</u>
Profit before income tax				7,400
Income tax expense				(1,745)
				<u>5,655</u>
Profit for the period				5,655
Other information:				
Depreciation of property, plant and equipment	4,852	598		5,450
Depreciation of right-of-use assets	6,191	2,555		8,746
Capital expenditure	229	167		396

For the six months ended 30 September 2020

	Paper printing <i>HK\$'000</i> (Unaudited)	Banner printing <i>HK\$'000</i> (Unaudited)	Eliminations <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment revenue				
Revenue from external customers ¹	101,980	26,395	–	128,375
Inter-segment revenue	200	13	(213)	–
	<u>102,180</u>	<u>26,408</u>	<u>(213)</u>	<u>128,375</u>
Total				
Segment results	<u>7,804</u>	<u>(889)</u>		6,915
Unallocated:				
Finance income				1,527
Finance costs				(857)
Share of losses of joint ventures				(224)
Share of losses of associates				<u>(1,233)</u>
Profit before income tax				6,128
Income tax expense				<u>(1,062)</u>
Profit for the period				<u>5,066</u>
Other information:				
Depreciation of property, plant and equipment	5,204	1,099		6,303
Depreciation of right-of-use assets	7,927	2,651		10,578
Capital expenditure	1,726	56		1,782

¹ Included revenue of approximately HK\$6,584,000 (2020: HK\$3,458,000) derived from shipping service.

The following tables present segment assets as at 30 September 2021 and 31 March 2021 respectively.

	As at 30 September 2021		
	Paper	Banner	Total
	printing	printing	HK\$'000
	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)
Segment assets	159,503	36,847	196,350

	As at 31 March 2021		
	Paper	Banner	Total
	printing	printing	HK\$'000
	HK\$'000	HK\$'000	HK\$'000
	(Audited)	(Audited)	(Audited)
Segment assets	175,751	35,077	210,828

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

	As at	As at
	30 September	31 March
	2021	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Segment assets	196,350	210,828
Investments in associates	250	681
Investments in joint ventures	11,994	13,078
Cash and cash equivalents	122,828	106,565
Total assets	331,422	331,152

4 OPERATING PROFIT

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

	Six months ended 30 September	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Depreciation of property, plant and equipment	5,450	6,303
Depreciation of right-of-use assets	8,746	10,578
Recovery of trade receivables previously written off	(28)	(12)
Loss on disposal of property, plant and equipment	7	519
Net exchange loss	37	169
Cost of materials	32,183	23,499
Subcontracting fee	28,332	30,405
Operating lease for short-term and low value lease	1,619	956

5 FINANCE INCOME – NET

	Six months ended 30 September	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Finance income		
Interest income from loan receivables	1,380	1,104
Interest income from bank deposits	73	303
Unwinding of interests on refundable rental deposits	111	120
	<u>1,564</u>	<u>1,527</u>
Finance costs		
Interest expenses on lease liabilities	(301)	(624)
Interest expenses on borrowings	(201)	(233)
	<u>(502)</u>	<u>(857)</u>
Finance income – net	<u>1,062</u>	<u>670</u>

6 INCOME TAX EXPENSE

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax		
– Hong Kong profits tax	1,628	973
Deferred income tax	117	89
	<u>1,745</u>	<u>1,062</u>
Income tax expense	<u>1,745</u>	<u>1,062</u>

Taxation on profits has been calculated on the estimated assessable profits for the six months ended 30 September 2021 at the rates of taxation prevailing in the countries/places in which the Group operates. Income tax expenses is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year.

7 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue for the six months ended 30 September 2021 and 2020.

	Six months ended 30 September	
	2021	2020
	(Unaudited)	(Unaudited)
Profit attributable to the equity holder of the Company (HK\$'000)	<u>4,493</u>	<u>5,181</u>
Weighted average number of ordinary shares in issue (thousands)	<u>550,000</u>	<u>550,000</u>
Basic earnings per share (HK cents)	<u>0.82</u>	<u>0.94</u>

(b) Diluted earnings per share

For the six months ended 30 September 2021 and 2020, diluted earnings per share is the same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the periods.

8 DIVIDENDS

The Board resolved to declare an interim dividend of HK0.8 cents per ordinary share for the six months ended 30 September 2021 (2020: Nil).

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 September 2021 <i>HK\$'000</i> (Unaudited)	As at 31 March 2021 <i>HK\$'000</i> (Audited)
Fair value of convertible bond	–	–
Listed equity investments	<u>20,031</u>	<u>19,185</u>
	<u>20,031</u>	<u>19,185</u>

The listed equity investments represent shares listed on the Stock Exchange.

The fair values of the listed equity investments and mutual fund investments are based on quoted prices in active markets and are classified within level 1 of the fair value hierarchy.

On 6 March 2020, the issuer of the unlisted bond security, National Arts Entertainment and Culture Group Ltd (“**National Arts**”), revised creditor’s scheme and converted into a convertible bond. The instrument is unsecured with a maturity term of five years and carries interest at 1% per annum.

The fair value of the convertible bond is based on binomial model and is classified within level 3 of the fair value hierarchy.

Financial assets at fair value through profit or loss are presented within investing activities in the condensed interim consolidated statement of cash flows.

Changes in fair value of financial assets at fair value through profit or loss are recorded in ‘Other (losses)/gains – net’ in the condensed interim consolidated statement of comprehensive income.

10 TRADE RECEIVABLES

	As at 30 September 2021 <i>HK\$'000</i> (Unaudited)	As at 31 March 2021 <i>HK\$'000</i> (Audited)
Trade receivables	5,372	5,985
Less: loss allowance	<u>(1,003)</u>	<u>(1,003)</u>
Trade receivables – net	<u><u>4,369</u></u>	<u><u>4,982</u></u>

The Group's payment terms granted to customers are mainly cash on delivery and on credit. The average credit period ranges from 30 days to 60 days.

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

	As at 30 September 2021 <i>HK\$'000</i> (Unaudited)	As at 31 March 2021 <i>HK\$'000</i> (Audited)
Up to 30 days	2,741	2,641
31 – 60 days	1,077	753
Over 60 days	<u>1,554</u>	<u>2,591</u>
	<u><u>5,372</u></u>	<u><u>5,985</u></u>

11 TRADE PAYABLES

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

	As at 30 September 2021 <i>HK\$'000</i> (Unaudited)	As at 31 March 2021 <i>HK\$'000</i> (Audited)
Up to 30 days	8,585	6,222
31 – 60 days	3	646
61 – 90 days	1,024	318
Over 90 days	<u>378</u>	<u>–</u>
	<u><u>9,990</u></u>	<u><u>7,186</u></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.

The Board presents to its shareholders the results of the Group for the six months ended 30 September 2021. During the six months ended 30 September 2021, the Group's revenue was increased from approximately HK\$128.4 million for the six months ended 30 September 2020 to approximately HK\$154.1 million for the six months ended 30 September 2021. The growth in revenue by approximately HK\$25.7 million or approximately 20.0% for the six months ended 30 September 2021 was mainly attributable to the improved market sentiment amidst the stabilised situation of global outbreak of novel coronavirus disease (“**COVID-19**”) (the “**Coronavirus Outbreak**”) in Hong Kong which resulted in the increase in demand in printing services.

The Group's revenue growth during the current period showed that the market is making a resilient recovery and customer orders resumed gradually from the market driven by the recovery of the economy from the impact of COVID-19. Compared with same period of last year when the business environment was challenging and difficult, COVID-19 had affected both printing business and banner business.

With the implementation of various cost saving strategies, the Group's gross profit margin increased from approximately 37.5% for the six months ended 30 September 2020 to approximately 38.4% for the six months ended 30 September 2021. The Group's unaudited profit attributable to equity holders for the six months ended 30 September 2021 was approximately HK\$4.5 million, representing a decrease of approximately 13.3% as compared with that of the period ended 30 September 2020. The overall decrease in net profit was mainly arising from the increase in staff cost which was mainly attributable to the absence of the subsidy received under the Employment Support Scheme of the Government of the Hong Kong Special Administrative Region when compared with the same period of last year.

For the Group's paper printing segment, the revenue increased by approximately 17.0% from approximately HK\$102.0 million for the six months ended 30 September 2020 to approximately HK\$119.3 million for the six months ended 30 September 2021. The advertising printing was still the major contributor to the segment's revenue and recorded an amount of approximately HK\$47.4 million, representing approximately 30.8% of the Group's total revenue for the six months ended 30 September 2021. The segment's gross profit margin slightly decreased from approximately 37.3% to approximately 36.3%, the decrease was mainly contributed by the increase in staff cost.

For the Group's banner printing segment, the revenue increased by approximately 31.7% when compared with the same period of last year. The segment's gross profit was increased by approximately HK\$5.7 million or approximately 57.3% when compared with the same period of last year. The overall increase in gross profit was mainly due to with the increase in sales volume for the six months ended 30 September 2021.

On 8 September 2021, a legally binding provisional agreement (the "**Provisional Agreement**") was entered into between, among others, e-banner Limited (the "**Purchaser**"), an indirect non wholly-owned subsidiary of the Company, and Advance Graphic Systems Limited (the "**Vendor**"), pursuant to which the Purchaser agreed to purchase and the Vendor agreed to sell the property at Unit Q1, 2nd Floor, Block 1, Kwun Tong Industrial Centre, Nos. 472-484 Kwun Tong Road, Kowloon, Hong Kong (the "**Property**") at a consideration of HK\$9,000,000, subject to the terms and conditions of the Provisional Agreement (the "**Acquisition**"). Completion of the Acquisition has taken place on 29 October 2021. The Property is to facilitate the expansion of the banner printing business.

OUTLOOK

With the growth in demand in printing business and banner business during the six months ended 30 September 2021, it showed that the business environment and economy is improving. However, there is still a high degree of uncertainty about the ongoing spread of COVID-19 which cast uncertainty over the business environment and economy. Although the business environment is difficult, the Group will continue to overcome the challenges and take actions to minimize the operating costs in order to maintain the profitability and maximize the shareholders value.

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

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

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

FINANCIAL REVIEW

Revenue

Revenue from the provision of printing and other services increased by approximately HK\$25.7 million or approximately 20.0% from approximately HK\$128.4 million for the six months ended 30 September 2020 to approximately HK\$154.1 million for the six months ended 30 September 2021. The growth was primarily due to the increase in demand in printing services arising from the improved market sentiment.

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

	2021 <i>HK\$'000</i> (Unaudited)		2020 <i>HK\$'000</i> (Unaudited)	
Advertising printing	47,437	30.8%	39,387	30.7%
Bound book printing	31,280	20.3%	29,118	22.7%
Stationery printing	31,790	20.6%	27,943	21.8%
Banner printing	29,714	19.3%	23,655	18.4%
Other services	13,860	9.0%	8,272	6.4%
	<u>154,081</u>	<u>100.0%</u>	<u>128,375</u>	<u>100.0%</u>
Total	<u>154,081</u>	<u>100.0%</u>	<u>128,375</u>	<u>100.0%</u>

The advertising printing was still the major contributor of the revenue, which accounted for approximately 30.8% of the total revenue for the six months ended 30 September 2021.

	Six months ended 30 September			
	2021 <i>HK\$'000</i> (Unaudited)		2020 <i>HK\$'000</i> (Unaudited)	
Sales Channels				
Stores	23,026	14.9%	23,329	18.2%
Websites	89,178	57.9%	68,951	53.7%
Others (<i>Note</i>)	41,877	27.2%	36,095	28.1%
	<u>154,081</u>	<u>100.0%</u>	<u>128,375</u>	<u>100.0%</u>
Total	<u>154,081</u>	<u>100.0%</u>	<u>128,375</u>	<u>100.0%</u>

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

Websites remained the major sales channel and it contributed approximately 57.9% of total revenue for the six months ended 30 September 2021. The sales contributed by stores slightly decreased from approximately 18.2% for the six months ended 30 September 2020 to approximately 14.9% for the six months ended 30 September 2021.

Other income

Other income of the Group mainly comprised the sales of scrap materials. For the six months ended 30 September 2021 and 2020, other income amounted to approximately HK\$1.5 million and approximately HK\$1.4 million respectively.

Other (losses)/gains – net

The amount mainly consisted of the fair value changes on the financial assets at fair value through profit or loss, exchange difference and loss on disposal of property, plant and equipment. For the six months ended 30 September 2021, the Group incurred the net loss of approximately HK\$0.5 million while it recorded the net gain of approximately HK\$1.4 million for the six months ended 30 September 2020 which showed a significant change in the amount. The net loss was mainly attributable to the decrease in the fair value of the financial assets at fair value through profit or loss for the six months ended 30 September 2021.

Selling and distribution expenses

Selling and distribution expenses mainly consisted of staff costs, distribution costs, handling charges for electronic payments. Selling and distribution expenses represented approximately 9.0% and approximately 10.1% of the revenue for the six months ended 30 September 2021 and 2020, respectively. The increase in expenses of approximately HK\$1.0 million or approximately 7.4% was mainly due to the increase in staff cost of approximately HK\$0.7 million.

Administrative expenses

Administrative expenses primarily comprised directors' remunerations, staff costs and outsourced customer support expenses. Administrative expenses represented approximately 25.0% and approximately 24.1% of the total revenue for the six months ended 30 September 2021 and 2020 respectively. The amount significant increased by approximately HK\$7.5 million from approximately HK\$31.0 million for the six months ended 30 September 2020 to approximately HK\$38.5 million for the six months ended 30 September 2021. The increase in expenses was mainly the result of the increased staff costs and outsourced customer support expenses in the amount of approximately HK\$4.0 million and approximately HK\$2.2 million respectively. The increase in staff costs was mainly attributable to the absence of a subsidy income received under the Employment Support Scheme of the Hong Kong SAR Government.

Finance income

Finance income primarily represented the interest income generated from the loan receivables and bank deposits. During the six months ended 30 September 2021 and 2020, the finance income of the Group were remained at approximately HK\$1.5 million.

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 approximately HK\$0.4 million or approximately 41.4% during the six months ended 30 September 2021 was mainly due to the drop in interest expenses on lease liabilities 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 30 September 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 the six months ended 30 September 2021, 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 previous period in which resulted in share of losses 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 six months ended 30 September 2021.

Profit for the period attributable to equity holders of the Company

Profit for the period attributable to equity holders of the Company decreased by approximately HK\$0.7 million or approximately 13.3%, from approximately HK\$5.2 million for the six months ended 30 September 2020 to approximately HK\$4.5 million for the six months ended 30 September 2021. Net profit margin decreased from approximately 4.0% for the six months ended 30 September 2020 to approximately 2.9% for the six months ended 30 September 2021. The decrease in the profit for the period attributable to equity holders of the Company was mainly due to the increased staff cost.

Liquidity and Financial Information

As at 30 September 2021, the Group's bank balances and cash was approximately HK\$122.8 million, represented an increase of approximately HK\$16.2 million when compared with that as at 31 March 2021. The increase was mainly caused by the reduction of other financial assets at amortised costs by approximately HK\$11.6 million. As at 30 September 2021 and 30 September 2020, the financial ratios of the Group were as follows:

	As at 30 September 2021 (Unaudited)	As at 30 September 2020 (Unaudited)
Current ratio ⁽¹⁾	2.5	1.9
Gearing ratio ⁽²⁾	13.3%	21.0%

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 30 September 2021 and 31 March 2021, the Group's bank borrowings were approximately HK\$21.6 million and approximately HK\$19.9 million respectively. All bank borrowings were made from banks in Hong Kong and were repayable within 1 year, except a mortgage loan with the carrying amount of approximately HK\$18.4 million which will be matured in 2036 and the bank loan of approximately HK\$1.9 million which will be matured in 2023. The bank borrowings with repayable on demand clause was classified as current liabilities. No financial instruments were used for hedging purposes, nor were there any foreign currency net investments hedged by current borrowings and/or other hedging instruments.

Treasury policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the period. The 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 30 September 2021, the total number of issued ordinary shares of the Company was 550,000,000 shares.

Capital commitments

As at 30 September 2021, the Group has capital commitments totaling approximately HK\$8.0 million for purchase of property, plant and equipment.

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 holds some investments including equity investment of the companies listed on the Stock Exchange, mutual fund investments, bonds and etc. These investments were classified as financial asset at fair value through profit or loss.

Future plans for material investments and capital assets

The Group did not have other plans for material investments and capital assets as at 30 September 2021.

Material acquisitions or disposals

The Group did not have any material acquisition or disposal of associates, subsidiaries or joint ventures during the six months ended 30 September 2021.

Exposure to foreign exchange risk

The Group operates principally in Hong Kong and its business is supported by an I.T. support services centre located in the PRC. The Group is exposed to foreign exchange risk arising from the exposure of Renminbi against Hong Kong dollars. The Group does not hedge its foreign exchange risk as its exposure to foreign exchange risk is low as the Group's cash flows mainly denominated in Hong Kong dollars.

Charge of assets

As at 30 September 2021 and 31 March 2021, the Group pledged the plant and machinery with the total carrying value of approximately HK\$2.5 million and approximately HK\$2.7 million respectively, as collaterals to secure the Group's lease liabilities. As at 30 September 2021 and 31 March 2021, the Group pledged two properties with the total carrying value of approximately HK\$57.0 million and approximately HK\$58.1 million respectively, as collaterals to secure the Group's mortgage loan.

Capital expenditure

During the period under review, the Group invested approximately HK\$0.4 million in property, plant and equipment, represented a decrease of approximately HK\$1.4 million when compared with the same period of last year.

EMPLOYEES AND EMOLUMENT POLICIES

As at 30 September 2021, the Group had 296 full time employees (31 March 2021: 302). The employee benefits expense of the Group, including directors' emoluments, employees' salaries and allowances, retirement benefits schemes contributions and other benefits amounted to approximately HK\$41.6 million for the six months ended 30 September 2021.

There was no significant change in the Group's emolument policies. On top of basic salaries, bonuses may be paid by reference to the Group's performance as well as individual's performance. Other staff benefits include housing allowances, contributions to Mandatory Provident Fund retirement benefits scheme in Hong Kong, the provision of pension funds, medical insurance, unemployment insurance and other relevant insurance for employees who are employed by the Group pursuant to the PRC rules and regulations and the prevailing regulatory requirements of the PRC, and the Employees Provident Fund and contributions to Social Security Organization for employees who are employed by the Group pursuant to the Malaysian rules and regulations and the prevailing regulatory requirements of Malaysia.

EVENTS AFTER THE END OF THE REPORTING PERIOD

On 5 November 2021, E-BOSS CO. LIMITED ("**E-BOSS**"), an indirect wholly-owned subsidiary of the Company, entered into a share purchase agreement (the "**Share Purchase Agreement**") with Mr. Yip Hin Lun ("**Mr. Yip**"), pursuant to which Mr. Yip agreed to sell and E-BOSS agreed to purchase 3,150,000 issued ordinary shares in the share capital of Sakura Japan Property (Hong Kong) Limited (the "**Target Company**"), a limited liability company incorporated in Hong Kong, presently legally and beneficiary held by Mr. Yip, representing 42% of the existing issued shares of the Target Company, at a total consideration of HK\$6,300,000 (the "**Acquisition**").

As at the date of entering into the Share Purchase Agreement, the total number of issued shares of the Target Company is 7,500,000 shares. The Target Company is owned as to 42% by Mr. Yip, 20% by E-BOSS and 38% by Ms. Cheung Ming Chu. Upon completion the Acquisition, the Target Company will become a 62% owned subsidiary of E-BOSS. Accordingly, the financial results of the Target Company will be consolidated into the consolidated financial statements of the Group. The remaining 38% will continue to be owned by Ms. Cheung Ming Chu.

INTERIM DIVIDEND

The Board, after considering the liquidity position and operation of the Group, resolved to declare an interim dividend of HK0.8 cents per share, totaling HK\$4,400,000 for the six months ended 30 September 2021 (2020: nil) payable on Wednesday, 29 December 2021 to the shareholders whose names appear on the register of members of the Company on Tuesday, 14 December 2021.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement of the shareholders to the interim dividend, the Register of Members of the Company will be closed from Monday, 13 December 2021 to Tuesday, 14 December 2021, no transfer of shares will be registered during the period. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited for registration not later than 4:30 p.m. on Friday, 10 December 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 September 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors had complied with the required standards as set out in the Model Code for the six months ended 30 September 2021.

CORPORATE GOVERNANCE PRACTICES

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

For the six months ended 30 September 2021, 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 Director and independent non-executive Directors.

REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE

The Company established the audit committee of the Company (the “**Audit Committee**”) on 13 November 2013 with written terms of reference which was revised on 25 February 2019 to comply with the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting system and to review the risk management and internal control systems of the Group. The Audit Committee comprises three independent non-executive Directors, namely, Mr. Ma Siu Kit (as Chairman), Mr. Poon Chun Wai and Mr. Fu Chung. The Audit Committee has reviewed the unaudited condensed interim consolidated financial information for the six months ended 30 September 2021.

INTERIM REPORT

The interim report of the Company for the six months ended 30 September 2021 will be published and dispatched to the equity holders of the Company in mid-December 2021.

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

Hong Kong, 25 November 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 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.