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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)

AUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2022

	For the year ended		Change
	31 March		
	2022	2021	
	HK\$'million	HK\$'million	
FINANCIAL HIGHLIGHTS			
Operating Results			
Revenue	306.02	266.90	14.7%
– e-print segment	229.52	210.44	9.1%
– e-banner segment	70.79	56.46	25.4%
– property agency services segment*	5.71	N/A	N/A
Segment profit before other (losses)/gains including impairment losses on financial assets – net	6.52	19.55	–66.6%
– e-print segment	4.43	19.49	–77.3%
– e-banner segment	4.82	0.06	7,933.3%
– property agency services segment*	(2.73)	N/A	N/A
Other (losses)/gains including impairment losses on financial assets – net	(4.34)	0.73	–694.5%
– e-print segment	(4.19)	0.82	–611.0%
– e-banner segment	(0.15)	(0.09)	66.7%
– property agency services segment*	0.00	N/A	N/A

	For the year ended		
	31 March		
	2022	2021	Change
<i>HK\$'million</i>	<i>HK\$'million</i>		
Segment profit/(loss)	2.19	20.27	-89.2%
– e-print segment	0.25	20.31	-98.8%
– e-banner segment	4.67	(0.04)	11,775.0%
– property agency services segment*	(2.73)	N/A	N/A
Profit for the year attributable to			
– equity holders of the Company	2.10	19.01	-89.0%
– non-controlling interests	1.64	0.33	397.0%
Net profit margin % (Attributable to equity holders of the Company)	0.7%	7.1%	
Gross profit margin %	36.5%	38.7%	
Basic earnings per share (<i>HK Cents</i>)	0.38	3.46	-89.0%
	As at 31 March		
	2022	2021	Change
	<i>HK\$'million</i>	<i>HK\$'million</i>	
Financial Position			
Total assets	335.57	331.15	1.3%
Total equity	250.27	250.66	-0.2%
Cash and cash equivalents	113.91	106.57	6.9%
*: Property agency services segment generated revenue for the period from the date of acquisition to 31 March 2022 while no revenue was generated for the year ended 31 March 2021.			

References are made to the announcements of eprint Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) dated 29 June 2022 in relation to the unaudited annual results of the Group for the year ended 31 March 2022 (the “**2022 Unaudited Results**”) and 29 July 2022 in relation to the further delay in the publication of audited annual results of the Group for the year ended 31 March 2022.

AUDITOR’S AGREEMENT ON THE ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2022

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that the Company’s auditor (the “**Auditor**”), PricewaterhouseCoopers, has completed the audit of the Group’s consolidated financial statements for the year ended 31 March 2022 (the “**2022 Audited Results**”) in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. The 2022 Audited Results had been agreed and reviewed by the audit committee of the Company (the “**Audit Committee**”) and approved by the Board on 19 August 2022.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *FOR THE YEAR ENDED 31 MARCH 2022*

	<i>Note</i>	2022 <i>HK\$’000</i>	2021 <i>HK\$’000</i>
Revenue	2	306,020	266,902
Cost of sales	5	(194,198)	(163,649)
Gross profit		111,822	103,253
Other income	3	3,301	2,665
Other (losses)/gains – net	4	(4,151)	1,414
Selling and distribution expenses	5	(28,484)	(25,570)
Administrative expenses	5	(77,121)	(60,802)
Impairment losses on financial assets		(185)	(685)
Operating profit		5,182	20,275
Finance income	6	3,180	3,333
Finance costs	6	(1,080)	(1,553)
Finance income – net	6	2,100	1,780
Share of losses of associates		(660)	(1,441)
Share of (losses)/profits of joint ventures		(708)	375
		(1,368)	(1,066)

	<i>Note</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Profit before income tax		5,914	20,989
Income tax expense	7	(2,178)	(1,650)
Profit for the year		3,736	19,339
Other comprehensive (loss)/income:			
<i>Item that may be reclassified to profit or loss:</i>			
Release of exchange reserve to profit or loss upon closure of an associate		–	171
Currency translation differences		(50)	1,140
Total other comprehensive (loss)/income, net of tax		(50)	1,311
Total comprehensive income for the year		3,686	20,650
Profit for the year attributable to:			
– Equity holders of the Company		2,097	19,009
– Non-controlling interests		1,639	330
		3,736	19,339
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	0.38	3.46
Total comprehensive income for the year attributable to:			
– Equity holders of the Company		2,050	20,297
– Non-controlling interests		1,636	353
		3,686	20,650

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Assets			
Non-current assets			
Property, plant and equipment		98,815	101,106
Right-of-use assets		11,910	20,206
Intangible assets		7,904	725
Other financial assets at amortised cost		34,570	33,643
Investments in associates		1,421	681
Investments in joint ventures		12,303	13,078
Deferred income tax assets		2,379	3,059
Deposits and prepayments		1,780	770
		171,082	173,268
		171,082	173,268
Current assets			
Inventories		9,562	6,614
Trade receivables	9	4,297	4,982
Deposits, prepayments and other receivables		15,459	8,335
Other financial assets at amortised cost		2,075	11,953
Financial assets at fair value through profit or loss		18,106	19,185
Amounts due from related companies		1,076	250
Cash and cash equivalents		113,911	106,565
		164,486	157,884
		164,486	157,884
Total assets		335,568	331,152
Equity			
Capital and reserves attributable to the equity holders of the Company			
Share capital		5,500	5,500
Share premium		132,921	132,921
Other reserves		103,377	105,727
		241,798	244,148
Non-controlling interests		8,470	6,507
Total equity		250,268	250,655

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Liabilities			
Non-current liabilities			
Lease liabilities		3,493	2,053
Other payables		173	470
Deferred income tax liabilities		5,349	6,009
		<u>9,015</u>	<u>8,532</u>
Current liabilities			
Trade payables	<i>10</i>	11,951	7,186
Accruals and other payables		31,072	26,005
Borrowings	<i>11</i>	26,216	19,904
Lease liabilities		6,221	17,513
Amounts due to related parties		200	201
Amounts due to directors		195	165
Current income tax payable		430	991
		<u>76,285</u>	<u>71,965</u>
Total liabilities		<u>85,300</u>	<u>80,497</u>
Total equity and liabilities		<u>335,568</u>	<u>331,152</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 2021 and are relevant to its operations:

Amendments to HKFRS 16	COVID-19 Related Rent Concession beyond 30 June 2021
Amendments to HKAS 39, HKFRS 7, HKFRS 9, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

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 2022 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions:

		Effective for annual periods beginning on or after
Amendments to annual improvements project	Annual Improvements 2018-2020 cycle	1 January 2022
Amendments to HKAS 1	Presentation of Financial Statements on Classification of Liabilities	1 January 2023
Amendments to HKAS 1 and Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37	Onerous contracts: Costs of Fulfilling a Contract	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	<i>Note</i>
HKFRS 3, HKAS 16 and HKAS 37 (Amendments)	Narrow-scope Amendments	1 January 2022
HKFRS 17	Insurance Contracts	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements	1 January 2023
Revised Accounting Guideline 5	Merger Accounting for Common Control Combination	1 January 2022

Note: To be announced by HKICPA

2 SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Executive Directors of the Company. The chief operating decision-maker has determined the operating segments based on the reports reviewed by the Executive Directors of the Company, that are used to make strategic decisions and assess performance.

The chief operating decision-maker has determined the operating segments based on these reports. The Group is organised into three business segments:

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

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

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

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

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

Revenue for the year ended 31 March 2021 consists of the revenue from paper printing and banner printing. The Group derives all revenue from the sale of goods at a point in time.

During the years ended 31 March 2022 and 2021, 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 2022 and 2021 respectively.

For the year ended 31 March 2022:

	Paper printing <i>HK\$'000</i>	Banner printing <i>HK\$'000</i>	Property agency services* <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue					
Revenue from external customers ¹	229,518	70,793	5,709	-	306,020
Inter-segment revenue	617	108	-	(725)	-
Total	<u>230,135</u>	<u>70,901</u>	<u>5,709</u>	<u>(725)</u>	<u>306,020</u>
Segment results	<u>245</u>	<u>4,668</u>	<u>(2,731)</u>		2,182
Unallocated:					
Gain on step acquisition of subsidiaries					3,000
Finance income					3,180
Finance costs					(1,080)
Share of losses of associates					(660)
Share of losses of joint ventures					(708)
Profit before income tax					5,914
Income tax expense					(2,178)
Profit for the year					<u>3,736</u>
Other information:					
Amortisation of intangible assets	-	-	93		93
Impairment losses on financial assets	22	163	-		185
Impairment loss on goodwill	-	-	3,086		3,086
Depreciation of property, plant and equipment	9,771	1,123	50		10,944
Impairment losses on property, plant and equipment	3,398	-	-		3,398
Depreciation of right-of-use assets	12,628	5,434	108		18,170
Capital expenditures	<u>3,467</u>	<u>17,971</u>	<u>103</u>		<u>21,541</u>

For the year ended 31 March 2021:

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

¹ Including revenue of approximately HK\$12,156,000 (2021: HK\$8,542,000) derived from shipping service.

(b) Segment assets

	Paper printing HK\$'000	Banner printing HK\$'000	Property agency services HK\$'000	Total HK\$'000
As at 31 March 2022	148,406	46,145	13,382	207,933
As at 31 March 2021	<u>175,751</u>	<u>35,077</u>	<u>N/A</u>	<u>210,828</u>

*: *Property agency services segment generated revenue for the period from the date of acquisition to 31 March 2022 while no revenue was generated for the year ended 31 March 2021.*

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

	2022 HK\$'000	2021 HK\$'000
Segment assets	207,933	210,828
Investment in associates	1,421	681
Investment in joint ventures	12,303	13,078
Cash and cash equivalents	113,911	106,565
	<u>335,568</u>	<u>331,152</u>

3 OTHER INCOME

	2022 HK\$'000	2021 HK\$'000
Scrap sales	1,560	1,438
Government grant	356	544
Sales of software	297	297
Others	1,088	386
	<u>3,301</u>	<u>2,665</u>

4 OTHER (LOSSES)/GAINS – NET

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Losses on disposals of property, plant and equipment	(62)	(528)
Exchange losses – net	(64)	(58)
Losses on closure of an associate	–	(171)
Fair value (losses)/gains on financial assets at fair value through profit or loss	(4,094)	1,938
Gain on step acquisition of subsidiaries (<i>Note 13</i>)	3,000	–
Impairment loss on goodwill (<i>Note</i>)	(3,086)	–
Others	155	233
	<u>(4,151)</u>	<u>1,414</u>

Note:

The management recognised an impairment loss against the goodwill of HK\$3,086,000 for the year ended 31 March 2022 since the recoverable amount of the cash-generating units of property agency services segment is lower than its carrying amount as a result of the estimation that the financial target would be achieved less than expected.

5 EXPENSES BY NATURE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Cost of materials	62,168	49,366
Auditor's remuneration		
– Audit services	1,080	1,080
– Non-audit services	180	250
Amortisation of intangible assets	93	–
Employee benefits expense	86,993	59,728
Depreciation of property, plant and equipment	10,944	11,385
Depreciation of right-of-use assets	18,170	20,439
Impairment losses on property, plant and equipment	3,398	–
Outsourced customer support expenses	17,883	16,738
Subcontracting fee	57,376	58,004
Operating lease for short-term and low value lease	4,375	2,762
Repairs and maintenance	3,731	2,686
Distribution costs	12,980	11,931
Utility expenses	3,616	2,327
Others	16,816	13,325
	<u>299,803</u>	<u>250,021</u>
Total cost of sales, selling and distribution expenses and administrative expenses		
	<u>299,803</u>	<u>250,021</u>

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

6 FINANCE INCOME – NET

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Finance income		
– Interest income from loan receivables	2,816	2,700
– Interest income from bank deposits	145	401
– Unwinding of interests on refundable rental deposits	219	232
	<u>3,180</u>	<u>3,333</u>
Finance costs		
– Interest expenses on lease liabilities	(645)	(1,103)
– Interest expenses on borrowings	(435)	(450)
	<u>(1,080)</u>	<u>(1,553)</u>
Finance income – net	<u>2,100</u>	<u>1,780</u>

7 INCOME TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current income tax		
– Hong Kong profits tax	2,555	2,882
– PRC corporate income tax	–	–
(Over)/under-provision in prior years	(166)	32
	<u>2,389</u>	<u>2,914</u>
Deferred income tax	(211)	(1,264)
Income tax expense	<u>2,178</u>	<u>1,650</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 year (2021: Same).

Subsidiary incorporated in the PRC is subject to PRC corporate income tax based on the statutory income tax rate of 25% for the year (2021: 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 2022 and 2021.

	2022	2021
Profit attributable to equity holders of the Company (<i>HK\$'000</i>)	2,097	19,009
Weighted average number of ordinary shares in issue (<i>thousands</i>)	<u>550,000</u>	<u>550,000</u>
Basic earnings per share (<i>HK cents</i>)	<u>0.38</u>	<u>3.46</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 2022 and 2021 as there were no potential dilutive ordinary shares outstanding during the years.

9 TRADE RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	5,527	5,985
Less: loss allowance	<u>(1,230)</u>	<u>(1,003)</u>
Trade receivables – net	<u>4,297</u>	<u>4,982</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 2022 and 2021, 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 2022 and 2021, 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 2022 and 2021, 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:

	2022 HK\$'000	2021 <i>HK\$'000</i>
0 – 30 days	2,247	2,641
31 – 60 days	943	753
Over 60 days	<u>2,337</u>	<u>2,591</u>
	<u>5,527</u>	<u>5,985</u>

10 TRADE PAYABLES

	2022 HK\$'000	2021 <i>HK\$'000</i>
Trade payables	<u>11,951</u>	<u>7,186</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 2022 and 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:

	2022 HK\$'000	2021 <i>HK\$'000</i>
0 – 30 days	3,813	6,222
31 – 60 days	5,654	646
61 – 90 days	2,457	318
Over 90 days	<u>27</u>	<u>–</u>
	<u>11,951</u>	<u>7,186</u>

11 BORROWINGS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current		
Bank overdrafts	118	–
Trust receipt loans	2,397	961
Bank loans	23,701	18,943
	<u>26,216</u>	<u>19,904</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 2022 and 2021.
- (ii) As at 31 March 2022, 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\$23,701,000 (2021: HK\$18,943,000) are mortgage loans which are secured by properties of the Group of approximately HK\$65,064,000 (2021: HK\$58,078,000).
- (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 2022 and 2021.

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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 1 year	4,912	1,987
Between 1 and 2 years	1,852	1,049
Between 2 and 5 years	4,455	3,294
Over 5 years	14,997	13,574
	<u>26,216</u>	<u>19,904</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

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 to be recommended to the shareholders of the Company at the forthcoming annual general meeting. The proposed final dividend will not be reflected in the financial statements as at 31 March 2022.

An interim dividend in respect of the six months ended 30 September 2021 amounting to HK\$4,400,000 was paid in December 2021 (2020: nil).

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Proposed final dividend of HK0.9 cents (2021: nil) per ordinary share	4,950	–
Interim dividend of HK0.8 cents per ordinary share (2021: nil)	4,400	–
	<u>9,350</u>	<u>–</u>

13 BUSINESS COMBINATION

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, a limited liability company incorporated in Hong Kong, legally and beneficiary held by Mr. Yip, representing 42% of the then existing issued shares of Sakura Japan, at a total consideration of HK\$6,300,000 (the “Step Acquisition”).

Upon completion of the Step Acquisition on 23 November 2021, Sakura Japan becomes a 62% owned subsidiary of E-BOSS. Accordingly, the financial results of Sakura Group has been consolidated into the consolidated financial statements of the Group since then.

As at the completion date of the Step Acquisition, the Group remeasured its previously held equity interest in Sakura Japan to its fair value and recognised a resulting gain of HK\$3,000,000, which has been recognised to the profit or loss and presented as “Gain on step acquisition on subsidiaries” under “Other (losses)/gains – net” in the consolidated statement of comprehensive income.

Details of the carrying value and fair value of the Group’s previously held equity interest in Sakura Japan at the completion date of the Step Acquisition were summarized as follows:

	<i>HK\$'000</i>
Fair value of previously held equity interest in Sakura Japan	3,000
Carrying value of previously held equity interest in Sakura Japan before the Step Acquisition	<u>–</u>
Gain on step acquisition on subsidiaries (<i>Note 4</i>)	<u>3,000</u>

The fair value of identifiable assets and liabilities of Sakura Group as at the date of the Step Acquisition were as follows:

	<i>HK\$'000</i>
Brand name	1,400
Property, plant and equipment	226
Right-of-use assets	215
Trade and other receivables	1,583
Tax recoverable	89
Cash and cash equivalents	509
Trade payables	(2,323)
Borrowings	(183)
Lease liabilities	(734)
Deferred tax liabilities	(231)
	<hr/>
Total identifiable net assets at fair value	551
	<hr/>
Less: Non-controlling interests	(209)
	<hr/>
Total identifiable net assets at fair value attributable to the Group	342
	<hr/>
Goodwill	8,958
	<hr/>
	9,300
	<hr/> <hr/>
Satisfied by:	
Cash consideration	6,300
Fair value of previously held equity interest in Sakura Japan	3,000
	<hr/>
	9,300
	<hr/> <hr/>

The Group has elected to measure the non-controlling interests in Sakura Japan at its proportionate share of the acquired identifiable net assets. The amount of the non-controlling interests at the date of the Step Acquisition amounted to approximately HK\$209,000.

An analysis of the cash flow in respect of the Step Acquisition was as follows:

	<i>HK\$'000</i>
Cash consideration paid	6,300
Cash and cash equivalents obtained by Sakura Group as at the date of the Step Acquisition	(509)
	<hr/>
Net cash outflow arising from the Step Acquisition	5,791
	<hr/> <hr/>

MATERIAL DIFFERENCES BETWEEN THE 2022 UNAUDITED RESULTS AND THE 2022 AUDITED RESULTS

Since the 2022 Unaudited Results were neither audited nor agreed by the Auditor as at the date of its publication and subsequent adjustments have been made to the 2022 Unaudited Results, shareholders (the “**Shareholders**”) and potential investors of the Company are advised to pay attention to the material differences between the 2022 Unaudited Results and 2022 Audited Results.

Set forth below are the details and reasons for the material differences between the 2022 Unaudited Results and 2022 Audited Results in accordance with Rule 13.49(3)(ii)(b) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”):

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Disclosure in the 2022 Audited Results <i>HK\$'000</i>	Disclosure in the 2022 Unaudited Results <i>HK\$'000</i>	Difference <i>HK\$'000</i>	%	<i>Notes</i>
Revenue	306,020	306,020	–	0.0%	
Cost of sales	(194,198)	(190,341)	(3,857)	2.0%	1
Gross Profit	111,822	115,679	(3,857)	–3.3%	
Other income	3,301	3,301	–	0.0%	
Other (losses)/gains – net	(4,151)	(1,986)	(2,165)	109.0%	2
Selling and distribution expenses	(28,484)	(28,484)	–	0.0%	
Administrative expenses	(77,121)	(77,460)	339	–0.4%	3
Impairment losses on financial assets	(185)	(185)	–	0.0%	
Operating profit	5,182	10,865	(5,683)	–52.3%	
Finance income	3,180	3,180	–	0.0%	
Finance costs	(1,080)	(1,080)	–	0.0%	
Finance income – net	2,100	2,100	–	0.0%	
Share of losses of associates	(660)	(660)	–	0.0%	
Share of (losses)/profits of joint ventures	(708)	(708)	–	0.0%	
	(1,368)	(1,368)	–	0.0%	

	Disclosure in the 2022 Audited Results HK\$'000	Disclosure in the 2022 Unaudited Results HK\$'000	Difference HK\$'000	%	Notes
Profit before income tax	5,914	11,597	(5,683)	-49.0%	
Income tax expense	(2,178)	(2,254)	76	-3.4%	4
Profit for the year	3,736	9,343	(5,607)	-60.0%	
Other comprehensive income:					
Item that may be reclassified to profit or loss:					
Release of exchange reserve to profit or loss upon closure of an associate	–	–	–	N/A	
Currency translation differences	(50)	(50)	–	0.0%	
Total comprehensive income for the year	<u>3,686</u>	<u>9,293</u>	(5,607)	-60.3%	
Profit for the year attributable to:					
– Equity holders of the Company	2,097	7,669	(5,572)	-72.7%	
– Non-controlling interests	1,639	1,674	(35)	-2.1%	
	<u>3,736</u>	<u>9,343</u>	(5,607)	-60.0%	
Earnings per share for profit attributable to equity holders of the Company during the year					
– Basic and diluted (expressed in HK cents per share)	0.38	1.39			
Total comprehensive income for the year attributable to:					
– Equity holders of the Company	2,050	7,622	(5,572)	-73.1%	
– Non-controlling interests	1,636	1,671	(35)	-2.1%	
	<u>3,686</u>	<u>9,293</u>	(5,607)	-60.3%	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Disclosure in the 2022 Audited Results HK\$'000	Disclosure in the 2022 Unaudited Results HK\$'000	Change HK\$'000	%	Notes
Assets					
Non-current assets					
Property, plant and equipment	98,815	102,213	(3,398)	-3.3%	5
Right-of-use assets	11,910	11,910	-	0.0%	
Intangible assets	7,904	9,220	(1,316)	-14.3%	6
Other financial assets at amortised cost	34,570	34,570	-	0.0%	
Investments in associates	1,421	1,421	-	0.0%	
Investments in joint ventures	12,303	12,303	-	0.0%	
Deferred income tax assets	2,379	2,379	-	0.0%	
Deposits and prepayments	1,780	1,780	-	0.0%	
	171,082	175,796	(4,714)	-2.7%	
Current assets					
Inventories	9,562	9,562	-	0.0%	
Trade receivables	4,297	4,297	-	0.0%	
Deposits, prepayments and other receivables	15,459	10,256	5,203	50.7%	7
Other financial assets at amortised cost	2,075	2,075	-	0.0%	
Financial assets at fair value through profit or loss	18,106	18,106	-	0.0%	
Amounts due from related companies	1,076	1,076	-	0.0%	
Cash and cash equivalents	113,911	113,911	-	0.0%	
	164,486	159,283	5,203	3.3%	
Total Assets	335,568	335,079	489	0.1%	

	Disclosure in the 2022 Audited Results HK\$'000	Disclosure in the 2022 Unaudited Results HK\$'000	Change HK\$'000	%	Notes
Equity					
Capital and reserves attributable to the equity holders of the Company					
Share capital	5,500	5,500	–	0.0%	
Share premium	132,921	132,921	–	0.0%	
Other reserves	103,377	108,949	(5,572)	–5.1%	
	<u>241,798</u>	<u>247,370</u>	(5,572)	–2.3%	
Non-controlling interests	<u>8,470</u>	<u>8,226</u>	244	3.0%	
Total equity	<u><u>250,268</u></u>	<u><u>255,596</u></u>	(5,328)	–2.1%	
Liabilities					
Non-current liabilities					
Lease liabilities	3,493	3,493	–	0.0%	
Other payables	173	173	–	0.0%	
Deferred income tax liabilities	5,349	5,118	231	4.5%	8
	<u>9,015</u>	<u>8,784</u>	231	2.6%	
Current liabilities					
Trade payables	11,951	11,493	458	4.0%	9
Accruals and other payables	31,072	25,869	5,203	20.1%	7
Borrowings	26,216	26,216	–	0.0%	
Lease liabilities	6,221	6,221	–	0.0%	
Amounts due to related parties	200	200	–	0.0%	
Amounts due to directors	195	195	–	0.0%	
Current income tax payable	430	505	(75)	–14.9%	
	<u>76,285</u>	<u>70,699</u>	5,586	7.9%	
Total Liabilities	<u><u>85,300</u></u>	<u><u>79,483</u></u>	5,817	7.3%	
Total equity and liabilities	<u><u>335,568</u></u>	<u><u>335,079</u></u>	489	0.1%	

Notes

- 1 Such difference is attributable to the (i) impairment loss on printing machineries according to their latest valuation result; and (ii) recognition of additional material cost in cost of sales.
- 2 Such difference is attributable to the changes in (i) the fair value of previously held interest in Sakura Japan Property (Hong Kong) Limited (“**Sakura Japan**”), a limited liability company incorporated in Hong Kong, arising from the Step Acquisition (as defined below); and (ii) the impairment loss on the goodwill according to its latest valuation result.
- 3 Such difference is attributable to the net effect of (i) the amortisation of the brand name upon the completion of the Step Acquisition; and (ii) the adjustment on the depreciation amount of the right-of-use assets upon the completion of the Step Acquisition.
- 4 Such difference is attributable to the decrease in the profit before income tax of the Group.
- 5 Such difference is attributable to the impairment loss on the printing machineries according to their latest valuation result.
- 6 Such difference is attributable to (i) the recognition of the brand name upon the completion of the Step Acquisition and its amortisation; (ii) the adjustment of the amount of goodwill upon the completion of the Step Acquisition; and (iii) the impairment loss made for the goodwill.
- 7 Such difference is attributable to the reclassification of deposits and accruals and other payables.
- 8 Such difference is attributable to the adjustment on the fair value of the deferred tax liabilities of Sakura Japan upon the completion of the Step Acquisition.
- 9 Such difference is attributable to the recognition of additional cost of sales.

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.

On 8 September 2021, a legally binding provisional agreement (the “**Provisional Agreement**”) was entered into between, among others, e-banner Limited (the “**Purchaser**” or “**e-banner**”), 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.

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, a limited liability company incorporated in Hong Kong, legally and beneficiary held by Mr. Yip, representing 42% of the then existing issued shares of Sakura Japan, at a total consideration of HK\$6,300,000 (the “**Step Acquisition**”). As at the date of entering into the Share Purchase Agreement, the total number of issued shares of Sakura Japan is 7,500,000 shares. Sakura Japan was owned as to 42% by Mr. Yip, 20% by E-BOSS and 38% by Ms. Cheung Ming Chu. Upon completion of the Step Acquisition on 23 November 2021, Sakura Japan becomes a 62% owned subsidiary of E-BOSS. Accordingly, the financial results of Sakura Japan has been consolidated into the consolidated financial statements of the Group since then. The remaining 38% continues to be owned by Ms. Cheung Ming Chu.

As at 31 March 2022 and up to the date of this announcement, the Group is principally engaged in three business segments, (i) paper printing business, (ii) banner printing business, and (iii) property agency services. The Board presents to the Shareholders the results of the Group for the year ended 31 March 2022. The Group reported the revenue of approximately HK\$306.0 million for the current financial year, representing an increase of approximately HK\$39.1 million or approximately 14.7% as compared to approximately HK\$266.9 million for the corresponding period last year.

The Group's audited profit attributable to equity holders of the Company for the year ended 31 March 2022 was approximately HK\$2.1 million, representing a decrease of approximately 89.0% when compared with same period of last year. The decrease in audited profit attributable to equity holders of the Company was mainly attributed to (i) material decrease in fair value from investments held by the Group measured at fair value through profit or loss; (ii) lack of receipt of subsidies under the Employment Support Scheme of the Government of the Hong Kong Special Administrative Region which resulted in the increase in employee benefits expenses; and (iii) the impairment loss made to the printing machineries and the goodwill of the Group.

Paper printing business

For the years ended 31 March 2022 and 2021, the revenue of the Group's paper printing segment were approximately HK\$229.5 million and approximately HK\$210.4 million respectively, representing an increase of approximately HK\$19.1 million or approximately 9.1%. With the gradually recovery of the customer sentiment, the revenue from paper printing business was slightly increased as compared with same period of last year. The advertising printing was still the major contributor of the segment's revenue and recorded the amount of approximately HK\$90.3 million, representing approximately 29.5% of the Group's revenue for the year.

Banner printing business

For the Group's banner printing segment, the revenue mainly derived from 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 2022, the Group recorded the revenue from banner printing business of approximately HK\$70.8 million, representing an increase of approximately HK\$14.3 million or approximately 25.4%. Banner printing contributed approximately HK\$59.9 million, representing approximately 19.6% of the Group's revenue for the year ended 31 March 2022.

Property agency services

For the Group's property agency services segment, the revenue mainly derived from Sakura Japan and Sakura Global Property Limited ("**Sakura Global**"). Sakura Japan and Sakura Global mainly provide a variety of property agency services including property selling and purchasing and property management. During the period from the date of acquisition to 31 March 2022, property agency services segment contributed revenue of approximately HK\$5.7 million to the Group.

OUTLOOK

With the gradual recovery of the customer sentiment, the business environment and operation of the Group has also improved during the year ended 31 March 2022 as compared with the corresponding year. Nevertheless, because of resurgence of the COVID-19 pandemic, it is still uncertain about the development of Coronavirus Outbreak as well as the economy in the coming year. The management of the Group expected that COVID-19 pandemic will affect the economic activities for some time, and therefore the operating environment is still challenging in the future. With the uncertainty condition, the management of the Group will actively and closely monitor the situation to react promptly in order to maintain the profitability and maximise the Shareholder's value.

During the year ended 31 March 2022, the Group has acquired the subsidiaries which are principally engaged in property agency services over the world. Apart from this, the Group will continuously and proactively explore different business opportunities for business development through diversifying the business portfolio into new businesses.

During the year ended 31 March 2022, the Group has acquired a property for the sake of expanding the banner printing business and hence to reduce ongoing rental expenses. The Group will continuously assess the operating cost and risk to maintain the operating efficiency and effectiveness.

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 customized products and services to meet the market demand.
- Continuous 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.

EVENTS AFTER THE REPORTING PERIOD

On 22 April 2022, two sales contracts, which are legal binding agreements, were entered into between, among others, Promise Network Printing Limited (“**Promise Network**”), an indirect wholly-owned subsidiary of the Company, and Komori Hong Kong Limited (“**Komori**”) (the “**Sales Contracts**”), pursuant to which the Promise Network agreed to purchase and Komori agreed to sell two Komori Lithrone G40A Sheet Fed Offset Press at the consideration of JPY217,600,000 (equivalent to approximately HK\$13,324,000), subject to the terms and conditions of the Sales Contracts.

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

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

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

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

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

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

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

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

Save as disclosed above, no significant events have taken place after the year ended 31 March 2022 to the date of this announcement.

FINANCIAL REVIEW

Revenue

For the year ended 31 March 2022, the Group generated the revenue from (i) provision of printing services from paper printing business, (ii) provision of printing services from banner printing business and (iii) provision of property agency services.

Revenue from the provision of printing and other services increased by approximately HK\$33.4 million or approximately 12.5% from approximately HK\$266.9 million to approximately HK\$300.3 million. The overall market demand was slightly recovered from the impact by the Coronavirus Outbreak.

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.

	2022		2021	
	HK\$'000		HK\$'000	
Advertising printing	90,296	29.5%	82,829	31.0%
Bound book printing	54,945	18.0%	53,831	20.2%
Stationery printing	64,443	21.1%	60,228	22.6%
Banner printing	59,889	19.6%	50,183	18.8%
Other services	30,738	9.9%	19,831	7.4%
Total revenue from printing and other services	300,311	98.1%	266,902	100.0%
Property agency services	5,709*	1.9%*	N/A*	N/A*
Total revenue	306,020	100.0%	266,902	100.0%

*: Property agency services generated revenue for the period from the date of acquisition to 31 March 2022 while no revenue was generated for the year ended 31 March 2021.

The advertising printing was still the major contributor of the revenue, which accounted for approximately 29.5% and approximately 31.0% of the total revenue for the years ended 31 March 2022 and 2021 respectively. If excluding the revenue from property agency services, advertising printing contributed approximately 30.1% of the total revenue for the current year. In conclusion, the contribution to the sales mix remained stable in both the years ended 31 March 2022 and 2021.

Sales Channels	2022		2021	
	HK\$'000		HK\$'000	
Stores	41,766	13.9%	46,094	17.3%
Websites	175,107	58.3%	147,606	55.3%
Others (Note)	83,438	27.8%	73,202	27.4%
Total revenue from printing and other services	<u>300,311</u>	<u>100.0%</u>	<u>266,902</u>	<u>100.0%</u>

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

Websites remained the major sales channel and it contributed approximately 58.3% of total revenue from printing and other services for the year ended 31 March 2022, represented an increase of approximately 3.0% when compared with same period of last year. The sales contributed by stores decreased from approximately 17.3% for the year ended 31 March 2021 to approximately 13.9% for the year ended 31 March 2022.

Other income

Other income of the Group mainly consisted of sales of scrap materials. The Group's other income slightly increased from approximately HK\$2.7 million for the year ended 31 March 2021 to approximately HK\$3.3 million for the year ended 31 March 2022, representing an increase of approximately HK\$0.6 million.

Other (losses)/gains – net

For the year ended 31 March 2022, the Group reported a net loss of approximately HK\$4.2 million, representing a decrease of approximately HK\$5.6 million as compared to a net gain of approximately HK\$1.4 million for the year ended 31 March 2021.

The net loss in current year was mainly arising from the fair value loss of approximately HK\$4.1 million from the investments held by the Group, impairment loss on goodwill of approximately HK\$3.1 million and netting against the gain on step acquisition of subsidiaries of approximately HK\$3.0 million while the net gain recognized last year was principally attributable to the fair value gain of approximately HK\$1.9 million on the mutual fund investments held by the Group.

Selling and distribution expenses

Selling and distribution expenses mainly consisted of employee benefits expenses, handling charges for electronic payments, and rental charges. Selling and distribution expenses represented approximately 9.3% and approximately 9.6% of the revenue for the years ended 31 March 2022 and 2021 respectively. The increase in expenses by approximately HK\$2.9 million was mainly the result of the increased staff cost of approximately HK\$1.9 million.

Administrative expenses

Administrative expenses mainly included employee benefits expenses and outsourced customer support expenses. For the years ended 31 March 2022 and 2021, administrative expenses amounted to approximately HK\$77.1 million and approximately HK\$60.8 million, representing approximately 25.2% and approximately 22.8% of the total revenue respectively.

The material increase in amount by approximately HK\$16.3 million was mainly attributable to the increase in employee benefits expenses and outsourced customer support expenses of approximately HK\$10.7 million and approximately HK\$1.2 million respectively. The substantial increment in employee benefits expenses was mainly because of receipt of subsidies under the Employment Support Scheme of the Government of the Hong Kong Special Administrative Region received last year but no subsidies from such scheme was received during the year ended 31 March 2022.

Finance income

Finance income mainly represented the interest income generated from the loan receivables and bank interest income. The income slightly decreased by approximately HK\$0.2 million or approximately 4.6% as the loan to a third party with the principal amount of HK\$13.0 million was fully repaid during the year and therefore less interest income was generated during the current year.

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\$0.5 million or approximately 30.5% was mainly due to the drop in interest expenses on lease liabilities in the amount of approximately HK\$0.5 million for the year ended 31 March 2022.

Share of (losses)/profits of joint ventures

Share of (losses)/profits of joint ventures represented the share of results of the Group's joint ventures. As at 31 March 2022 and 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 year ended 31 March 2022, the operation of e-print Solutions Sdn. Bhd was suffered from the Coronavirus Outbreak. The lockdown measures in Malaysia imposed by the Government heavily affected the operation and therefore the sales volume and revenue declined which resulted in the share of losses of joint ventures.

Share of losses of associates

As at 31 March 2021, the amount represented the share of results of the Group's associates in Hong Kong, which are Sakura Japan and E-post Limited.

During the year ended 31 March 2022, the Group acquired additional 42% interest of Sakura Japan and thus Sakura Japan became the subsidiary of the Group since the date of acquisition. In addition, the Group also acquired 15% interest of Step Wise Limited which was incorporated in Hong Kong.

As a result, the Group has two associates in Hong Kong which are E-post Limited and Step Wise Limited as at 31 March 2022.

For the year ended 31 March 2022, the Group recorded the share of losses of associates of approximately HK\$0.7 million (2021: approximately HK\$1.4 million), representing a decrease of approximately HK\$0.7 million.

Profit for the year attributable to equity holders of the Company

For the year ended 31 March 2022, the Group reported the profit for the year attributable to equity holders of the Company of approximately HK\$2.1 million (2021: approximately HK\$19.0 million), representing a decrease of approximately HK\$16.9 million. The material decrease in profit for the year attributable to equity holders of the Company was mainly due to the (i) fair value loss of approximately HK\$4.1 million arising from the financial assets at fair value through profit or loss held by the Group during the year ended 31 March 2022; (ii) the increase in the employee benefits expenses of the Group compared with same period of last year; and (iii) the impairment loss made to the printing machineries and the goodwill of the Group.

Liquidity and Financial Information

As at 31 March 2022, the Group's bank balances and cash was approximately HK\$113.9 million, represented an increase of approximately HK\$7.3 million when compared with that as at 31 March 2021. As at 31 March 2022 and 31 March 2021, the financial ratios of the Group were as follows:

	As at 31 March 2022	As at 31 March 2021
Current ratio ⁽¹⁾	2.2	2.2
Gearing ratio ⁽²⁾	14.4%	15.7%

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 2022 and 2021, the Group's total bank borrowings balance amounted to approximately HK\$26.2 million and approximately HK\$19.9 million respectively. The increase in bank borrowings by approximately HK\$6.3 million or approximately 31.7% was mainly due to the addition of the mortgage loan in relation to the new property acquired during the year.

All bank borrowings were made from banks in Hong Kong and were repayable within one year, except for two mortgage loans. The mortgage loans with the carrying amount of approximately HK\$4.4 million and approximately HK\$17.9 million will be matured in 2033 and 2036 respectively. No financial instruments were used for hedging purposes, nor were there any foreign currency net investments hedged by current borrowings and/or other hedging instruments. The weighted average interest rates (per annum) were 2.4% and 2.3% for the years ended 31 March 2022 and 2021 respectively.

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 (the “**Shares**”) have been listed on the Main Board of the Stock Exchange since 3 December 2013. As at 31 March 2022, the total number of issued ordinary Shares was 550,000,000 Shares.

Capital Commitments

As at 31 March 2022, the Group had capital commitments of approximately HK\$6.6 million in relation to the purchase of the machineries. As at 31 March 2021, the Group did not have any capital commitments.

Significant Investments Held

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

Future Plans for Material Investments and Capital Assets

As at 31 March 2022, the Group has no plans for any material investments or capital assets.

Material Acquisitions

Other than those disclosed in the 2022 Audited Results, there was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Group during the year ended 31 March 2022.

Exposure to Foreign Exchange Risk

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

Charges on Assets

At 31 March 2022 and 2021, the Group pledged the plant and machinery with carrying values of approximately HK\$2.6 million and approximately HK\$2.7 million respectively, as collaterals to secure the Group's leases liabilities. As at 31 March 2022, the Group pledged three properties with the total carrying values of approximately HK\$65.1 million while the Group pledged two properties with total carrying amount of approximately HK\$58.1 million as at 31 March 2021 as collaterals to secure the Group's mortgage loans.

Capital Expenditure

During the year ended 31 March 2022, the Group invested approximately HK\$21.5 million (2021: HK\$7.3 million) in property, plant and equipment and right-of-use assets, which represented an increase of approximately HK\$14.2 million in capital expenditure compared with last year.

EMPLOYEES AND EMOLUMENT POLICIES

At 31 March 2022, the Group had 270 (2021: 302) full time employees. 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\$87.0 million for the year ended 31 March 2022 (2021: HK\$59.7 million). The expenses significantly increased by approximately HK\$27.3 million or approximately 45.6% was mainly because of (i) the fact that the one-off non-recurring subsidies of approximately HK\$12.5 million under the Employment Support Scheme of the Government of the Hong Kong Special Administrative Region was received during the year ended 31 March 2021 while there was no similar subsidy received during the current year and (ii) increase in salaries paid to the employees for the reward of contribution to the Group.

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 resolved to recommend to the Shareholders at the forthcoming annual general meeting of the Company to be held on Friday, 30 September 2022 ("AGM") of a final dividend of HK0.9 cents per Share for the year ended 31 March 2022 (2021: nil) to be paid on Monday, 24 October 2022 to the Shareholders whose names appear on the register of members of the Company on Monday, 10 October 2022.

The Board resolved to declare an interim dividend of HK0.8 cents per ordinary Share for the six months ended 30 September 2021 amounting to HK\$4,400,000, which was paid in December 2021 (2020: nil).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the Shareholders entitled to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 26 September 2022 to Friday, 30 September 2022, 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 branch share registrar and transfer office 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 Friday, 23 September 2022.

For determining the entitlement of the Shareholders to the proposed final dividend, the register of members of the Company will be closed from Friday, 7 October 2022 to Monday, 10 October 2022, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the proposed final dividend, all transfer 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 Thursday, 6 October 2022.

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

Neither the Company nor its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 March 2022.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

CODE ON CORPORATE GOVERNANCE

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

During the year ended 31 March 2022, the Company was in compliance with the code provisions set out in the CG Code except for the deviation as explained below.

Code provision 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.

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 2022.

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 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 the year ended 31 March 2022.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2022 and consolidated statement of financial position as at 31 March 2022 and the related notes thereto as set out in this preliminary announcement have been agreed by the Auditor to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2022. The work performed by the Auditor 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 the Auditor on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the websites of the Company (<https://www.eprintgroup.com.hk/>) and the Stock Exchange (www.hkex.com.hk). The annual report of the Company for the year ended 31 March 2022 containing all the information required by the Listing Rules will be published on the websites of the Stock Exchange and the Company and also be despatched to the Shareholders on or before 31 August 2022.

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

Hong Kong, 19 August 2022

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