eprint GROUP LIMITED
eprint 集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1884)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2016 AND RETIREMENT OF DIRECTOR

FINANCIAL HIGHLIGHTS

	For the year ended 31 March		
	2016	2015	
	HK$'million	HK$'million	Change
Operating Results			
Revenue	**382.8**	316.5	20.9%
– *e-print segment*	**331.0**	316.5	4.6%
– *e-banner segment*	**51.8**	–	N/A
Operating profit before other losses – net	**29.7**	37.6	(21.0%)
– *e-print segment*	**40.1**	37.6	6.6%
– *e-banner segment*	**(10.4)**	–	N/A
Other losses – net	**(6.6)**	(0.9)	633.3%
– *e-print segment*	**(6.8)**	(0.9)	655.6%
– *e-banner segment*	**0.2**	–	N/A
Profit for the year attributable to equity holders of the Company	**26.1**	32.3	(19.2%)
Net profit margin % (Attributable to equity holders of the Company)	**6.8%**	10.2%	
Gross profit margin %	**35.3%**	38.0%	
Basic earnings per share (HK cents)	**4.90**	6.47	(24.3%)

	As at 31 March		
	2016	2015	
	HK$'million	HK$'million	Change
Financial Position			
Total assets	**299.2**	237.8	25.8%
Total equity	**206.8**	161.0	28.4%
Cash and cash equivalents	**90.3**	118.2	(23.6%)

The board of directors (the "**Board**") of eprint Group Limited (the "**Company**") announces the consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 March 2016, together with the comparative figures for the year ended 31 March 2015, are as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2016

	Note	2016 HK$'000	2015 HK$'000
Revenue	2	**382,768**	316,547
Cost of sales	5	**(247,665)**	(196,331)
Gross profit		**135,103**	120,216
Other income	3	**13,327**	7,736
Other losses – net	4	**(6,617)**	(860)
Selling and distribution expenses	5	**(36,318)**	(19,819)
Administrative expenses	5	**(82,403)**	(70,581)
Operating profit		**23,092**	36,692
Finance income		**2,186**	2,449
Finance costs		**(1,186)**	(790)
Finance income – net	6	**1,000**	1,659
Share of losses of associates		**(321)**	–
Share of profits of joint ventures – net		**851**	109
		530	109
Profit before income tax		**24,622**	38,460
Income tax expense	7	**(2,815)**	(6,151)
Profit for the year		**21,807**	32,309
Other comprehensive income:			
Item that may be subsequently reclassified to profit or loss:			
Currency translation differences		**(479)**	(596)
Total comprehensive income for the year		**21,328**	31,713

	Note	**2016**	2015
		HK$'000	*HK$'000*
Profit for the year attributable to:			
Equity holders of the Company		**26,053**	32,335
Non-controlling interests		**(4,246)**	(26)
		21,807	32,309
Earnings per share for profit attributable to equity holders of the Company during the year			
Basic (expressed in HK cents per share)	*8*	**4.90**	6.47
Diluted (expressed in HK cents per share)	*8*	**4.90**	6.46
Total comprehensive income for the year attributable to:			
Equity holders of the Company		**25,574**	31,739
Non-controlling interests		**(4,246)**	(26)
		21,328	31,713

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	Note	2016 HK$'000	2015 HK$'000
Assets			
Non-current assets			
Property, plant and equipment		**113,467**	97,600
Intangible assets	*9*	**1,872**	–
Held-to-maturity investments	*10*	**40,295**	–
Financial asset at fair value through profit or loss	*11*	**11,950**	–
Investments in associates		**4,196**	–
Investments in joint ventures		**5,655**	6,401
Deferred tax assets		**2,311**	–
Deposits and prepayments	*13*	**4,732**	1,865
		184,478	105,866
Current assets			
Inventories		**5,191**	3,229
Trade receivables	*12*	**3,571**	2,316
Deposits, prepayments and other receivables	*13*	**7,458**	4,658
Current income tax recoverable		**282**	1,279
Amounts due from related companies		**7,883**	2,293
Cash and cash equivalents		**90,295**	118,208
		114,680	131,983
Total assets		**299,158**	237,849
Equity			
Capital and reserves attributable to the equity holders of the Company			
Share capital		**5,500**	5,000
Share premium		**132,921**	80,357
Other reserves		**68,607**	75,648
		207,028	161,005
Non-controlling interests		**(197)**	(6)
Total equity		**206,831**	160,999

	Note	2016 HK$'000	2015 HK$'000
Liabilities			
Non-current liabilities			
Obligations under finance leases		**8,417**	6,969
Deferred income tax liabilities		**11,754**	12,172
		20,171	19,141
Current liabilities			
Trade payables	*14*	**15,274**	24,274
Accruals and other payables	*14*	**26,775**	19,322
Borrowings	*15*	**17,840**	3,810
Obligations under finance leases		**9,448**	9,953
Amount due to a related company		**15**	–
Amounts due to directors		**265**	350
Current income tax payable		**2,539**	–
		72,156	57,709
Total liabilities		**92,327**	76,850
Total equity and liabilities		**299,158**	237,849

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial asset at fair value through profit or loss, which are carried at fair value.

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

1.1.1 Changes in accounting policy and disclosures

(a) *Amended standards and interpretation adopted by the Group*

The following amendments to standards are mandatory for accounting periods beginning on or after 1 April 2015:

HKAS 19 (2011) Amendment	Defined benefit plans: Employee contributions
HKFRSs (Amendment)	Annual Improvements to HKFRSs 2010-2012 Cycle
HKFRSs (Amendment)	Annual Improvements to HKFRSs 2011-2013 Cycle

(b) *New standards and amendments to standards have been issued but not effective for the financial year beginning on or after 1 April 2015 and have not been early adopted:*

		Effective for annual periods beginning on or after
HKAS 1 (Amendment)	Disclosure Initiative	1 January 2016
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 16 and HKAS 41 (Amendment)	Agriculture: bearer plants	1 January 2016
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements	1 January 2016
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment Entities: Applying the Consolidation Exception	1 January 2016
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRSs (Amendment)	Annual Improvements 2012-2014 Cycle	1 January 2016
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has not early adopted these new standards and amendments to the existing standards in the financial statements for the year ended 31 March 2016. The Group plans to apply the above standards and amendments when they become effective. The Group has already commenced an assessment of the related impact to the Group and it is not yet in a position to state whether any substantial changes to Group's significant accounting policies and presentation of the financial information will result.

(c) New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

2. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the board of directors of the Group. The chief operating decision-maker has determined the operating segments based on the reports reviewed by the Board of Directors of the Group, 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-marker.

Management assesses the performance of the operating segments based on a measure of gross profit less distribution costs, administrative and selling expenses, and other operating expenses that are allocated to each segment. Other information provided is measured in a manner consistent with that in the 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 information technology ("**I.T.**") support services within the Group. The subsidiary newly incorporated in Malaysia during the year 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.

During the year ended 31 March 2015 and 2016, no external customers contributed over 10% of the Group's revenue.

	For the year ended 31 March 2016			
	Paper printing *HK$'000*	**Banner printing** *HK$'000*	**Eliminations** *HK$'000*	**Total** *HK$'000*
Segment revenue				
Revenue from external customers	**331,033**	**51,735**	**–**	**382,768**
Inter-segment revenue	**389**	**459**	**(848)**	**–**
Total	**331,422**	**52,194**	**(848)**	**382,768**
Segment results	**33,260**	**(10,168)**		**23,092**
Finance income				**2,186**
Finance costs				**(1,186)**
Share of losses of associates				**(321)**
Share of profit of a joint venture				**851**
Profit before income tax				**24,622**
Income tax expense				**(2,815)**
Profit for the year				**21,807**
Profit for the year attributable to:				
Equity holders of the Company				**26,053**
Non-controlling interests				**(4,246)**
				21,807

	For the year ended 31 March 2015			
	Paper printing	Banner printing	Eliminations	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue				
Revenue from external customers	316,547	–	–	316,547
Segment results	36,692	–		36,692
Finance income				2,449
Finance costs				(790)
Share of profits of joint ventures – net				109
Profit before income tax				38,460
Income tax expense				(6,151)
Profit for the year				32,309
Profit for the year attributable to:				
Equity holders of the Company				32,335
Non-controlling interests				(26)
				32,309

3. OTHER INCOME

	2016	2015
	HK$'000	*HK$'000*
I.T. license fee income	**4,799**	962
Scrap sales	**3,839**	5,333
Interest income from held-to-maturity investments	**3,205**	–
Machinery rental income	**1,288**	–
Office rental income	**–**	275
Pre-press processing and customer service fee income	**–**	543
Management fee income	**–**	240
Sundry income	**196**	383
	13,327	7,736

4. OTHER LOSSES – NET

	2016	2015
	HK$'000	*HK$'000*
Loss on disposal of property, plant and equipment	**(3,751)**	(1,208)
Gain on disposal of a subsidiary *(Note)*	**–**	66
Exchange (loss)/gain – net	**(2,816)**	282
Fair value loss on financial asset at fair value through profit or loss	**(50)**	–
	(6,617)	(860)

Note:

On 3 June 2014, eprint Bannershop Group Limited, a wholly-owned subsidiary with carrying amount of net liabilities of HK$66,130 was disposed to an independent third party for a consideration of HK$8.

5. EXPENSES BY NATURE

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

	2016	2015
	HK$'000	*HK$'000*
Cost of materials	**82,921**	106,784
Auditor's remuneration		
– Audit services	**1,452**	1,350
– Non-audit services	**534**	491
Employee benefits expense	**86,892**	79,950
Depreciation of property, plant and equipment	**15,991**	12,016
Amortisation of intangible assets *(Note 9)*	**143**	–
Outsourced customer support expenses	**20,529**	13,433
Subcontracting fee	**90,451**	19,386
Operating lease rental of premises and equipment	**21,169**	16,034
Repairs and maintenance	**5,141**	4,414
Distribution costs	**13,562**	9,638
Utility expenses	**5,498**	6,624
Provision for impairment of trade receivables *(Note 12)*	**34**	28
Recovery of trade receivables previously written off	**(24)**	(30)
Others	**22,093**	16,613
Total cost of sales, selling and distribution expenses and administrative expenses	**366,386**	286,731

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

6. FINANCE INCOME – NET

	2016	2015
	HK$'000	*HK$'000*
Finance income		
– Interest income from bank deposits	**1,850**	2,365
– Interest income from financial lease receivable from a joint venture	**–**	84
– Unwinding of discounts on held-to-maturity investments (Note 10)	**336**	–
	2,186	2,449
Finance costs		
– Finance charges on obligations under finance lease	**(934)**	(712)
– Interest expenses on borrowings	**(252)**	(78)
	(1,186)	(790)
Finance income – net	**1,000**	1,659

7. INCOME TAX EXPENSE

	2016	2015
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong profits tax	**4,439**	4,430
– PRC corporate income tax	**1,182**	3
(Over)/under provision in prior year	**(77)**	42
	5,544	4,475
Deferred income tax	**(2,729)**	1,676
Income tax expense	**2,815**	6,151

Subsidiaries incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% on the estimated assessable profits for the year (2015: 16.5%). Subsidiary incorporated in the PRC is subject to PRC corporate income tax based on the statutory income tax rate of 25% for the year (2015: 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

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 2015 and 2016.

	2016	2015
Profit attributable to equity holders of the Company (HK$'000)	**26,053**	32,335
Weighted average number of ordinary shares in issue (thousands)	**532,104**	500,000
Basic earnings per share (HK cents)	**4.90**	6.47

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group has one category of dilutive potential ordinary shares: share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Group's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as below is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2016	2015
Profit attributable to equity holders of the Company (HK$'000)	**26,053**	32,335
Weighted average number of ordinary shares in issue (thousands)	**532,104**	500,000
Adjustments for:		
– Share options (thousands)	**–**	327
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**532,104**	500,327
Diluted earnings per share (HK cents)	**4.90**	6.46

9. INTANGIBLE ASSETS

	Goodwill	Other intangible assets	Total
	HK$'000	*HK$'000*	*HK$'000*
As at 1 April 2014 and 31 March 2015			
Cost	–	–	–
Accumulated amortisation	–	–	–
Net book amount	–	–	–
Year ended 31 March 2016			
Opening net book amount	–	–	–
Additions	725	1,290	2,015
Amortisation charge *(Note 5)*	–	(143)	(143)
Closing net book amount	725	1,147	1,872
At 31 March 2016			
Cost	725	1,290	2,015
Accumulated amortisation	–	(143)	(143)
Net book amount	725	1,147	1,872

For the year ended 31 March 2016, amortisation expense of HK$143,000 has been charged to 'cost of sales' (Note 5) in the consolidated statement of comprehensive income.

The Group's goodwill was arisen from the acquisition of additional 11% equity interest of e-banner Limited on 1 April 2015 (Note 16).

Goodwill is allocated to the banner printing operating segment. Management reviews annually whether the carrying amount of a CGU is higher than the recoverable amount which results in impairment of goodwill. The recoverable amount of a CGU is determined based on value-in-use calculation. The calculation use pre-tax cash flow projections based on financial budget approved by management covering a five-year period with the first year growth rate of 38% and ranged from 5% to 10% for the subsequent four years. Cash flows beyond the five-year period are extrapolated using the estimated growth rate of 2% and discount rate of 14%.

The discount rate applied by the Group is rate that reflect current market assessment of the time value of money and the risk specific to the CGU. Revenue growth rate is based on past practices and expectations on market and operational development.

Impairment assessment was performed on the goodwill and the recoverable amount of the CGU in which goodwill has been allocated is higher than the carrying amount as at 31 March 2016. As a result, no impairment loss was charged for the year ended 31 March 2016.

If the forecast revenue was lowered by more than 10%, with all other variables held constant, the recoverable amount of the CGU would be less than its carrying amount.

10. HELD-TO-MATURITY INVESTMENTS

	2016	2015
	HK$'000	*HK$'000*
Unlisted bond securities at amortised costs	**40,295**	–

The movement in held-to-maturity investments is summarised as follows:

	2016	2015
	HK$'000	*HK$'000*
At beginning of the year	**–**	–
Additions	**39,951**	–
Unwinding of discount on held-to-maturity investments *(Note 6)*	**336**	–
Currency translation differences	**8**	–
At end of the year	**40,295**	–

There were no provision of impairment of held-to-maturity investment as at 31 March 2015 and 2016.

The fair values of unlisted securities are based on cash flows discounted using a rate based on the market interest rate and the risk premium specific to the unlisted securities at 11.9% for the year ended 31 March 2016.

	2016	2015
	HK$'000	*HK$'000*
HK dollar	**30,000**	–
US dollar	**10,295**	–
	40,295	–

The maximum exposure to credit risk at the reporting date is the carrying value of the debt securities classified as held-to-maturity investments. None of these financial assets is either past due or impaired.

11. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016	2015
	HK$'000	*HK$'000*
Fair value of insurance policy investment	**11,950**	–

The insurance policy investment is an insurance contract provided to a director with underlying investment on a capital fund.

Financial asset at fair value through profit or loss is presented within investing activities in the consolidated statement of cash flows.

Changes in fair value of financial asset at fair value through profit or loss are recorded in 'Other losses – net' in the consolidated statement of comprehensive income (Note 4).

The fair value of the insurance policy investment is based on the unobservable inputs and classified within level 3 of the fair value hierarchy.

12. TRADE RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Trade receivables	**3,586**	2,316
Less: provision for impairment of trade receivables	**(15)**	–
Trade receivables – net	**3,571**	2,316

The directors of the Company consider that the carrying amounts of trade receivables approximate their fair values.

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 trade receivables based on invoice date is as follows:

	2016	2015
	HK$'000	*HK$'000*
1 – 30 days	**2,488**	1,980
31 – 60 days	**438**	251
Over 60 days	**645**	85
	3,571	2,316

As at 31 March 2016, trade receivables of HK$1,250,000 (2015: HK$763,000) were past due but not impaired. These relate to certain customers with no recent history of default. Based on historic low default rate, the Group believes that no impairment provision is necessary. The past due ageing analysis of these receivables is as follows:

	2016	2015
	HK$'000	*HK$'000*
1 – 30 days	**518**	641
31 – 60 days	**315**	43
Over 60 days	**417**	79
	1,250	763

The maximum exposures of the Group to credit risk are the carrying value of trade receivables mentioned above.

The carrying amounts of trade receivables of the Group are mainly denominated in Hong Kong dollars.

The Group does not hold any collateral as security for trade receivables.

13. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Interest receivables from held-to-maturity investments	**1,949**	–
Other receivables	**2,356**	723
Deposits and prepayments	**7,591**	5,800
Deferred expenses to be recognised in cost of sales	**294**	–
	12,190	6,523
Less: non-current portion		
Deposits and prepayments	**(4,732)**	(1,865)
Deposits, prepayments and other receivables – current portion	**7,458**	4,658

14. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

	2016	2015
	HK$'000	*HK$'000*
Trade payables	**15,274**	24,274
Accruals and other payables		
Accrued expenses *(Note a)*	**13,496**	13,214
Advanced receipts from customers *(Note b)*	**6,578**	4,800
Other payables *(Note c)*	**6,701**	1,308
	26,775	19,322
Trade payables, accruals and other payables	**42,049**	43,596

Notes:

(a) Accrued expenses are mainly relating to employee benefits expense and other office expenses.

(b) Advanced receipts from customers represent payments received from customers for printing services.

(c) Other payables are mainly relating to purchase of fixed assets and selling and distribution expenses.

Payment terms granted by suppliers are mainly on credit. The credit period ranges from 30 to 90 days.

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

	2016	2015
	HK$'000	*HK$'000*
1 – 30 days	**5,856**	9,955
31 – 60 days	**2,972**	4,198
61 – 90 days	**3,726**	5,391
Over 90 days	**2,720**	4,730
	15,274	24,274

The carrying amounts of the Group's trade payables, accruals and other payables are mainly denominated in Hong Kong dollars.

15. BORROWINGS

	2016	2015
	HK$'000	*HK$'000*
Current		
Trust receipt loans	**6,655**	3,810
Bank overdrafts	**5,735**	–
Bank loans	**5,450**	–
	17,840	3,810

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:

	2016	2015
	HK$'000	*HK$'000*
Within 1 year	**14,335**	3,810
Between 1 and 2 years	**2,027**	–
Between 2 and 5 years	**1,478**	–
	17,840	3,810

The carrying amounts of borrowings are secured and denominated in Hong Kong dollars as at 31 March 2015 and 2016.

The fair values of the borrowings approximate to their carrying amounts as at 31 March 2015 and 2016 as all the borrowings carry interests which are benchmarked against Hong Kong Dollar prime rate and Hong Kong Interbank Offered Rate, where relevant.

The borrowings of the Group are subject to financial covenants and the Group is in compliance with the financial covenants as at 31 March 2015 and 2016.

As at 31 March 2016, the borrowings of the Group were secured by personal guarantees provided by a related party of the Group.

16. BUSINESS COMBINATION

As at 31 March 2015, e-banner Limited was a joint venture of the Group, in which the Group and the other shareholder, TBC Group Limited, held 40% and 60% equity interest respectively. e-banner Limited is engaged in developing, producing, marketing and sale of banners, display stands, posters and display partitions and other related products in Hong Kong.

On 30 March 2015, eprint Holdings Limited, a wholly-owned subsidiary of the Company, entered into an Equity Transfer Agreement with TBC Group Limited (the "**Seller**"), under which eprint Holding Limited agreed to purchase additional 11% equity interest in e-banner Limited from the Seller for a cash consideration of HK$1,100,000.

Upon the completion of the acquisition on 1 April 2015, the equity interest in e-banner Limited held by eprint Holdings Limited was 51% and the Group exercises control by appointment of majority of directors to the board of e-banner Limited. As a result, e-banner Limited became a subsidiary of the Group. The acquisition is expected to create synergy effect with the Group in terms of customers and technologies, and represent an opportunity for the Group to further widen its earning base and enhance its capital utilisation efficiency. At the date acquisition, goodwill of HK$725,000 has been determined based on the net identifiable assets of e-banner Limited.

The goodwill of HK$725,000 arises from a number of factors including expected synergies through combining a highly skilled workforce and obtaining greater production efficiencies through knowledge transfer; obtaining economies of scale by cost reductions from sharing resources; and unrecognised assets such as customer relationship and the workforce. None of the goodwill recognised is expected to be deductible for income tax purposes.

The following table summarises the purchase price allocation at the acquisition date.

	As at 1 April 2015 *HK$'000*
Purchase consideration	
Cash paid	1,100
Equity interest held as a joint venture of the Group at acquisition date	1,362
Total purchase consideration	2,462

Recognised amounts of identifiable assets acquired and liabilities assumed

	As at 1 April 2015 *HK$'000*
Machinery and equipment	16,198
Other non-current assets	2,607
Inventories	1,029
Cash and cash equivalents	3,174
Other current assets	1,621
Other non-current liabilities	(8,867)
Other current liabilities	(5,661)
Trade and other payables and accruals	(6,694)
Total identifiable net assets	3,407
Non controlling interest	(1,670)
Goodwill	725
	2,462
Acquisition-related costs (included in administrative expenses in the consolidated statement of comprehensive income)	67
Outflow of cash to acquire business, net of cash acquired	
Cash consideration	(1,100)
Cash and banks in subsidiary acquired	3,174
Cash inflow on acquisition	2,074

The Group has chosen to recognise e-banner Limited's non-controlling interest at their proportional share of e-banner Limited's fair value of total identifiable net assets.

The acquired business contributed revenue of HK$51,232,000 and net loss of HK$5,298,000 to the equity holder and non-controlling interest of the Company for the year ended 31 March 2016.

17. DIVIDENDS

The dividends paid in 2016 and 2015 were HK$32,615,000 and HK$34,650,000 respectively. A dividend in respect of the year ended 31 March 2016 of HK2.30 cents per share, amounting to a total dividend of HK$12,650,000, is proposed by the Board of Directors on 27 June 2016 and to be approved by the shareholders in the forthcoming annual general meeting. These financial statements do not reflect this dividend payable.

	2016	2015
	HK$'000	*HK$'000*
Interim dividend paid of HK2.40 cents (2015: HK2.93 cents) per ordinary share	**13,200**	14,650
Proposed final dividend of HK2.30 cents (2015: HK3.53 cents) per ordinary share	**12,650**	19,415
	25,850	34,065

18. EVENT AFTER THE BALANCE SHEET DATE

Purchase of properties from a related company

On 27 June 2016, the Group entered into two respective provisional sale and purchase agreements with CTP Limited, a related party to the Group, to purchase two properties for an aggregate consideration of HK$62,000,000. These two properties were rented by the Group as retail outlets.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Board presents to its shareholders the results of the Group for the year ended 31 March 2016. The Group's revenue amounted to approximately HK$382.8 million, an increase of 20.9% compared with that of the corresponding year ended 31 March 2015. Gross profit margin was 35.3% which was 2.7% lower than the corresponding year ended 31 March 2015. The Group's audited profit attributable to equity holders for the year ended 31 March 2016 was HK$26.1 million, representing a decrease of 19.2% as compared with that of the corresponding year ended 31 March 2015.

The decrease was mainly due to the loss from the new banner business in Malaysia starting in July 2015, the increase in loss on disposal of machines and equipment as well as net foreign exchange loss during the year.

On 30 March 2015, eprint Holdings Limited ("**eprint Holdings**") as purchaser and TBC Group Limited as vendor, entered into the sale and purchase agreement pursuant to which eprint Holdings acquired an additional 11% of the issued shares of e-banner Limited ("**e-banner**") from TBC Group Limited. Upon completion of the acquisition on 1 April 2015, e-banner was owned as to 51% by eprint Holdings and became a subsidiary of the Group. The management of the Group believes that the operation of e-banner would create synergy effect with the Group in terms of customers and technologies and represent an opportunity for the Group to further widen its earning base and enhance its capital utilisation efficiency. The Group plans to expand the business of e-banner to overseas markets, including Malaysia and Australia.

Ebanner Solution Sdn. Bhd.("**Ebanner Solution**"), a wholly-owned subsidiary of e-banner, is principally engaged in developing, producing, marketing and sale of banners, display stands, posters and display partitions and other related products in Malaysia. In July 2015, Ebanner Solution has started operating its factory and a retail store in Malaysia. As at 31 March 2016, Ebanner Solution has been generating revenue from its eight retail stores and online ordering platform in Malaysia. Ebanner Solution can diversify the Group's business and expand its business to the overseas market.

On 30 March 2015, the Company and Shantou Dongfeng Printing Company Limited ("**Shantou Dongfeng**") entered into the framework agreement for the formation of Shenzhen Yi Yun Hu Wang Tong Technology Company Limited (深圳憶雲互網通科技有限公司) ("**Yiyun**") for the internet design and printing business in the PRC excluding the existing business of the Group and Shantou Dongfeng. The Company and Shantou Dongfeng will invest a total of RMB25 million (equivalent to approximately HK$31.3 million) in Yiyun and their equity interests in Yiyun will be 30% and 70% respectively. Yiyun was set up in August 2015 and both parties have injected a total capital of RMB12.5 million (equivalent to approximately HK$15.6 million) into Yiyun. Yiyun is expected to launch the internet platform and relevant products in the next financial year.

On 10 November 2015, e-banner entered into an agreement to establish AppOne Esolution Limited ("**AppOne**") with an independent third party to engage in the business of developing and designing mobile application solutions ("**App Solutions Business**"). Pursuant to the agreement, e-banner and the partner shall hold respective 70% and 30% shareholding interest in AppOne. AppOne has commenced its operation in December 2015 and has been generating revenue during the year. The Board considers that this investment can diversify and strengthen the income stream of the Group as well as bringing synergy to its existing printing business.

Outlook

Despite the negative impact of the global economic turmoil, the Group remains confident and has launched a number of initiatives and projects underlining this sentiment. The Group will continue to strive for diversifying its business, including but not limited to expanding banner business in Hong Kong, Malaysia and the commencement of business in Australia, reinforcing internal controls and streamlining factory operation, production outsourcing in order to achieve stable revenue growth for the group. Meanwhile, the Group will look for new business opportunities from time to time to strengthen its market share.

On 11 August 2015, the Company entered into a non-legally binding memorandum of understanding with Fitness World (Group) Limited ("**Fitness World**"), pursuant to which the Company or any of its designated subsidiaries shall subscribe for new shares in Fitness World representing 30% of its then issued share capital. Fitness World is principally engaged in fitness services which includes a combination of philosophy of 'exercise, medical treatment, preserve health'. The Directors consider that this investment enables the Group to diversify its business by utilising its system technology. Fitness World has rented a floor of approximately 2,200 square meters at New World Wenbo Center (新世界文博中心) in Futian, Shenzhen, as its first flagship shop in the PRC and expects to commence its business in the next financial year.

On 20 March 2016, Dajinlai Technology (Shenzhen) Limited, a wholly-owned subsidiary of the Group, and Yiyun entered into a Licence Agreement to grant Yiyun the non-transferrable, exclusive operating rights in the PRC of four internet platform technology systems, namely e-print, design-easy, E-invoice and photobook1010. We believe that by combining the business operation experience and technical systems of the websites and the business network of Shantou Dongfeng in the PRC, Yiyun would enhance the business performance of the Group and facilitate the expansion of the Group's business in the PRC and hence improve the return to the Group and its shareholders. For further details regarding the agreement, please refer to the announcement of the Company dated 30 April 2016.

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 the market share by making use of the following competitive advantages:

- Well-positioned to seize enormous online market potential

- Comprehensive information technology infrastructure and unique eprint system which is automatically operated

- Well-recognised local brand

FINANCIAL REVIEW

Revenue

Income from the provision of printing and other services in Hong Kong increased by approximately HK$66.3 million or 20.9% from approximately HK$316.5 million for the year ended 31 March 2015 to approximately HK$382.8 million for the year ended 31 March 2016. Such increase was primarily due to the acquisition of e-banner and an increase of average amount per sales order for the printing segment. 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.

	2016		2015	
	HK$'000		*HK$'000*	
Advertising printing	**136,845**	**35.8%**	129,992	41.1%
Bound book printing	**93,015**	**24.3%**	87,131	27.5%
Stationery printing	**89,024**	**23.3%**	88,875	28.1%
Banner printing	**49,815**	**13.0%**	–	–
Other services	**14,069**	**3.6%**	10,549	3.3%
Total	**382,768**	**100.0%**	316,547	100.0%

The new category of banner printing contributed approximately 13.0% of our total revenue for year ended 31 March 2016, while advertising printing remained our primary printing service that accounted for approximately 35.8% and 41.1% of our total revenue for the year ended 31 March 2016 and 2015, respectively.

	2016		2015	
Sales Channels	***HK$'000***		*HK$'000*	
Stores	**109,119**	28.5%	115,968	36.6%
Websites	**164,555**	43.0%	126,086	39.8%
Others *(Note)*	**109,094**	28.5%	74,493	23.6%
Total	**382,768**	100.0%	316,547	100.0%

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

Websites sales channel contributed approximately 43.0% of total revenue for the year ended 31 March 2016, which accounted for approximately 30.5% increase as compared with that of the year ended 31 March 2015. Such increase was primarily due to the continuous improvement in our online self-service ordering platform. The contribution from other channels increased from approximately 23.6% of total revenue for the year ended 31 March 2015, to approximately 28.5% of total revenue for the year ended 31 March 2016. Such increase was primarily due to the reliance of receiving customer orders via phone call and e-mail in the banner business.

Other income

Other income primarily comprises interest income from held-to-maturity investments, sales of scrap materials, such as used zinc printing plates and paper scrap, equipment rental income and license fee income received from the Group's joint venture and associate. The increase in amount during the year ended 31 March 2016 compared to that of the year ended 31 March 2015 was primarily due to an one-off license fee income from Yiyun of approximately HK$4.6 million.

Other losses – net

Other losses – net primarily comprises net loss on disposal of plant and equipment, net foreign exchange loss and fair value loss on financial asset at fair value through profit or loss. The increase in amount during the year ended 31 March 2016 compared to that of the year ended 31 March 2015 was primarily due to the exchange loss arisen from the Renminbi-denominated monetary assets, and the net loss on disposal of plant and equipment resulting from restructuring the production facilities.

Selling and distribution expenses

Selling and distribution expenses primarily consist of distribution costs, handling charges for electronic payments received, and store rentals as well as advertising and marketing expenses. Selling and distribution expenses represent approximately 9.5% and 6.3% of the revenue for the year ended 31 March 2016 and 2015, respectively. Such an increase was primarily due to the additional staff costs of the sales team from the new banner business.

Administrative expenses

Administrative expenses primarily comprise directors' fees, staff costs, outsourced customer support expenses, information technology support services expenses, office rental and utilities, depreciation, internet and telephone expenses, professional expenses and other miscellaneous administrative expenses. Administrative expenses represent approximately 21.5% and 22.3% of the total revenue for the year ended 31 March 2016 and 2015, respectively, while the amount of it increased from approximately HK$70.6 million for the year ended 31 March 2015 to approximately HK$82.4 million for the year ended 31 March 2016. The increase in administrative expenses was primarily due to the outsourced customer support expenses incurred increased by approximately HK$7.1 million from approximately HK$13.4 million for the year ended 31 March 2015 to approximately HK$20.5 million for the year ended 31 March 2016.

Finance income

Finance income primarily consists of interest income from cash and cash equivalents.

Finance costs

Finance costs primarily consist of interest expenses on bank borrowings and finance charges on obligations under finance lease.

Share of profits of joint ventures – net

Share of profits of joint ventures – net represents the share of losses or profits of the Group's joint ventures in each year using equity method of accounting. During the year ended 31 March 2016, the Company had one jointly controlled entity in Malaysia. The increase during the year ended 31 March 2016 was primary due to the absent of the share of loss of e-banner, which became a subsidiary of the Group since 1 April 2015 and is no longer a joint venture.

Share of losses of associates

Share of losses of associates represents the share of losses of the Group's new associates during the year ended 31 March 2016 using equity method of accounting. During the year ended 31 March 2016, the Company had two associates operating in the PRC and three associates operating in Hong Kong.

Profit for the year attributable to equity holders of the Company

Profit decreased by approximately HK$6.2 million or 19.2%, from approximately HK$32.3 million for the year ended 31 March 2015 to approximately HK$26.1 million for the year ended 31 March 2016. Net profit margin also decreased from approximately 10.2% for the year ended 31 March 2015 to approximately 5.7% for the year ended 31 March 2016. The decreases in net profit and net profit margin were primarily due to the increase in loss on disposal of machines and equipment of approximately HK$2.5 million and net foreign exchange loss of HK$3.1 million.

Liquidity and Financial Information

As at 31 March 2016, the total amount of bank balances and cash of the Group was approximately HK$90.3 million, a decrease of approximately HK$27.9 million as compared with that as at 31 March 2015. The decrease was mainly arising from the addition of held-to-maturity investments, acquisition of financial asset at fair value through profit or loss and a decrease in cash generated from operations during the year ended 31 March 2016, offset by the net proceed raised from the subscription of new shares in August 2015. As at 31 March 2016, the financial ratios of the Group were as follows:

	As at 31 March 2016	As at 31 March 2015
Current ratio (1)	**1.6**	2.3
Gearing ratio (2)	**17.3%**	12.9%

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 overdraft, borrowings and obligation under finance leases divided by total equity and multiplied by 100%.

Borrowings

The Group had bank borrowings as at 31 March 2016 and 31 March 2015 in the sum of approximately HK$17.8 million and HK$3.8 million, respectively. All bank borrowings were made from banks in Hong Kong and were repayable within three years. 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 3.9% and 2.4% for the year ended 31 March 2016 and 31 March 2015, respectively.

Treasury Policies

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

Capital Structure

The capital of the Company comprises ordinary shares and other reserves. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 3 December 2013. During the year, the Company issued and allotted 50,000,000 new ordinary shares at HK$1.122 per share on 10 August 2015. As at 31 March 2016, the total number of issued ordinary shares of the Company was 550,000,000 shares.

Capital Commitments

As at 31 March 2016, the Group had capital commitments totalling HK$7.2 million for investment in an associate and purchase of computer equipment, a machine and leasehold improvement. As at 31 March 2015, the Group had capital commitments totalling HK$1.6 million for investment in a joint venture and purchase of computer equipment.

Significant Investments Held

Except for the investments in joint venture and associates, the Group did not hold any significant investment in equity interest in any other company during the year.

Future Plans for Material Investments and Capital Assets

On 27 June 2016, the Group signed two respective provisional sale and purchase agreements with CTP Limited, which is a connected person of the Group, for the purchase of two properties which are currently rented by the Group as its retail outlets. The aggregate consideration excluding the related transaction costs will be HK$62 million. The acquisition of the properties are subject to the approval of the independent shareholders of the Company. Except for the aforesaid investment and those mentioned in previous sections, the Group did not have other plans for material investments and capital assets.

Material Acquisitions

Except for the acquisition of the additional 11% of the equity interest in e-banner in the sum of HK$1.1 million on 1 April 2015, the investment in Yiyun of RMB3.8 million for 30% of its equity interest and the investment in AppOne of HK$3.0 million for 70% of its equity interest, the Group did not have any other material acquisition or disposal of associates, joint ventures or subsidiaries during the year ended 31 March 2016.

Exposure to Foreign Exchange Risk

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

Charge of Assets

At 31 March 2016 and 2015, the Group pledged the plant and machinery with a carrying value of approximately HK$50.9 million and HK$40.7 million respectively, as collaterals to secure the Group's obligations under finance leases.

Use of Proceeds

The Company's shares were listed on the Stock Exchange on 3 December 2013 and raised a net proceed from its initial public offering of approximately HK$66.5 million. During the period between the listing date and 31 March 2016, approximately HK$50.4 million of the net proceed from the listing was utilised in accordance with the proposed applications set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. The unused proceeds were deposited in licensed banks in Hong Kong.

On 12 August 2015, the Company raised a net proceed of HK$53.1 million from the subscription for 50,000,000 new shares at the subscription price of HK$1.112 per share pursuant to the subscription agreement entered into on 29 July 2015. The net proceeds were intended to be used as general working capital and business development of the Group. As at the date of this report, net proceeds of approximately HK$4.6 million was used in an investment in an associate, Yiyun. The unused proceeds were deposited in licensed banks in Hong Kong.

Capital Expenditure

During the year, the Group invested approximately HK$22.8 million in plant and equipment, represented an increase of about 196.1% from the capital expenditure of last year.

EMPLOYEES AND EMOLUMENT POLICIES

At 31 March 2016, the Group had 417 full time employees. There is 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.

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

Neither the Company nor its subsidiary purchased, redeemed or sold any of the Company's listed securities during the year ended 31 March 2016.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange (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 PRACTICES

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 2016, the Company was in compliance with the code provisions set out in the CG Code except for the deviation as explained below.

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

Save as the aforesaid and in the opinion of the Directors, the Company had met all code provisions set out in the CG Code during the year ended 31 March 2016.

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 22 April 2016 to be aligned with the CG Code. The primary duties of the Audit Committee are to review the financial reporting system and supervise the risk management and internal control systems of the Group. The Audit Committee comprises three independent non-executive Directors of the Company, namely, Ms. Luk Mei Yan (chairlady), Dr. Lung Cheuk Wah and Mr. Chi Man Shing Stephen. The Audit Committee has reviewed the audited financial statements of the Group for the year ended 31 March 2016.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2016 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

FINAL DIVIDEND

The Board resolved to recommend to the shareholders of the Company at the forthcoming annual general meeting of the Company to be held on Monday, 15 August 2016 ("**2016 AGM**") of a final dividend of HK2.30 cents per share for the year ended 31 March 2016 (2015: HK3.53 cents per share) to be paid on Wednesday, 31 August 2016 to the shareholders whose names appear on the register of members of the Company on Friday, 19 August 2016.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the shareholders entitled to attend and vote at the 2016 AGM, the register of members of the Company will be closed from Wednesday, 10 August 2016 to Monday, 15 August 2016, both days inclusive, during which period no transfer of shares will be registered. All transfer of shares accompanied by the relevant certificates must be lodged with the Company's transfer office and share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 9 August 2016.

For determining the entitlement of the shareholders to the proposed final dividend, the register of members of the Company will be closed from Friday, 19 August 2016 to Monday, 22 August 2016, 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, 18 August 2016.

RETIREMENT OF DIRECTOR

The Board announces that Dr. Lung Cheuk Wah will retire from office as an independent non-executive Director by rotation at the 2016 AGM pursuant to Article 108 of the Articles of Association of the Company.

Dr. Lung confirmed that he will not offer himself for re-election at the 2016 AGM as he would like to commit more time on pursuance of his own business.

Dr. Lung also confirmed that he has no disagreement with the Board and there is no other matter relating to his retirement that needs to be brought to the attention of the shareholders of the Company or the Stock Exchange.

Following the retirement of Dr. Lung as an independent non-executive Director, Dr. Lung will also cease to be a member of each of the audit committee and nomination committee and the chairman of the remuneration committee of the Company. The Board is now in the course of identifying a suitable candidate to fill the position of independent non-executive Director as soon as practicable. Further announcement will be made by the Company if and when appropriate.

The Board would like to extend its appreciation to Dr. Lung for his valuable contribution during his tenure of office in the Company.

By Order of the Board
eprint Group Limited
Fung Hong Keung
Executive Director and Company Secretary

Hong Kong, 27 June 2016

As at the date of this announcement, the executive Directors are Mr. She Siu Kee William and Mr. Fung Hong Keung; the non-executive Directors are Mr. Lam Shing Kai, Mr. Leung Wai Ming, Mr. Chong Cheuk Ki and Mr. Deng Xiaen; and the independent non-executive Directors are Dr. Lung Cheuk Wah, Mr. Chi Man Shing Stephen and Ms. Luk Mei Yan.