

**eprint GROUP LTD:
THIS IS A SMALL COMPANY ...
AND IT IS DESTINED TO REMAIN AS SUCH**

eprint Group Ltd (eprint) (Code: 1884, Main Board, The Stock Exchange of Hongkong Ltd) is a small company – and it is destined to stay a small company in the foreseeable future.

This is the opinion of **TARGET** () on scanning the Share Offer Prospectus of the Company, published and disseminated on November 20, 2013.

The Company has come to the premier equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) in order to raise money, nearly 35 percent of which will be used to retire some of the Company's debts.

The Initial Public Offering (IPO)

eprint Group is Offering 125 million, one-cent Shares at the Indicative Offer Price Per Share, ranging from a low of 78 cents to a high of \$HK1.08.

Hongkong investors are being Offered 12.50 million Shares with 112.50 million Shares, being Placed to Institutional Investors.

At the midpoint of the Indicative Offer Price Per Share, being 93 cents, the Company estimates that it will net about \$HK89.70 million.

It is expected, one reads in the Prospectus, that this amount of money will be utilised as follows:

- *'approximately 37.5% of the net proceeds, or approximately HK\$33.6 million, will be used to fund the expansion of our production capacity and post-press finishing capability by, (a) as to approximately 32.8% of the net proceeds (or approximately HK\$29.4 million), acquiring totally 11 sets of new machines and equipment (comprising two sets of new printing machines, one set of the platesetter for undertaking computer-to-plate process and eight sets of post-press finishing equipment); and (b) as to approximately 4.7% of the net proceeds (or approximately HK\$4.2 million), setting up new workshops by leasing new premises to house such new machineries and equipment and hiring additional production staff. After the new workshops with the new machines and equipment have come into full operation, we expect that our aggregate annual production capacity will increase by approximately 75.3 million impressions;*
- *'approximately 34.7% of the net proceeds, or approximately HK\$31.1 million, will be used for repayment of banking facilities in respect of our production machinery held under finance lease to safeguard the financial position of our Group. Such bank facilities shall be repaid between one to four years after the Listing, and the applicable interest rates for outstanding loan under the banking facilities ranged from 3.25% to 3.75% per annum. The remaining balance of the banking facilities (if any) will be settled by our internal resources;*

- ‘approximately 18.0% of the net proceeds, or approximately HK\$16.2 million, will be used to fund the expansion of our store network by opening totally three “e-print” stores in Kowloon, one “e-print” store in the New Territories and one “Invoice” store on Hong Kong Island in 2013 and 2014, and extending our presence in four existing locations by relocating four stores upon expiry of the respective lease term in 2014; and
- ‘approximately 5.7% of the net proceeds, or approximately HK\$5.1 million, will be used for (a) upgrading our information technology infrastructure to enhance our eprint management system and adopting VoIP system to facilitate our internal operations and communications; (b) upgrading existing servers and acquiring additional servers and leasing premises for our new data centre; and (c) enhancement of our online self-service ordering platforms, including developing and launching a new mobile application which contains features of our online self-service ordering platform.
- ‘approximately 4.1% of the net proceeds, or approximately HK\$3.7 million, will be used as our Group’s working capital.’

The History and Business

The eprint Group of Companies is 12 years old.

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