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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)

**DISCLOSEABLE TRANSACTION
IN RELATION TO
THE ACQUISITION OF PROPERTIES**

THE ACQUISITION

On 1 June 2023 (after trading hours of the Stock Exchange), the Purchaser and the Vendors entered into the Agreement, pursuant to which the Purchaser conditionally agreed to acquire from the Vendors the Sale Shares, representing the entire issued share capital of the Target Company, and from Mr. Li the Sale Loan at the Consideration of HK\$28,861,000 (subject to adjustment) which the details are explained below. The principal asset of the Target Company is the Properties.

As at the date of this announcement, the entire issued share capital of the Target Company is legally and beneficially owned by the Vendors. Upon Completion, the Target Company will become an indirect non wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the financial statements of the Enlarged Group.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the Acquisition is more than 5% but all of the applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

On 1 June 2023 (after trading hours of the Stock Exchange), the Purchaser and the Vendors entered into the Agreement, pursuant to which the Purchaser conditionally agreed to acquire from the Vendors the Sale Shares and from Mr. Li the Sale Loan at the Consideration of HK\$28,861,000 (subject to adjustment) which the details are explained below.

Principal terms of the Agreement are set out below:

THE AGREEMENT

Date: 1 June 2023

Parties: (i) the Purchaser
(ii) the Vendors

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendors is an Independent Third Party.

Assets to be acquired

The assets to be acquired under the Agreement are the Sale Shares and the Sale Loan.

The Sale Shares as at the date of this announcement represent, and will at Completion represent, the entire issued share capital of the Target Company.

The Sale Loan to be acquired by the Purchaser represents the outstanding shareholder's loan being owed by the Target Company to Mr. Li at Completion.

The principal asset of the Target Company is the Properties, details of which are set out in the paragraph headed "Information on the Target Company and the Properties" below.

Consideration and payment terms

Subject to the Agreement and the Conditions, the Consideration for the sale and purchase of the Sale Shares and the Sale Loan shall be in the aggregate sum of HK\$28,861,000.

Subject to the Conditions, the Consideration shall be paid by the Purchaser to the Vendors in proportion to their respective shareholdings in the Target Company in the following manner:–

- (i) a refundable deposit in the sum of HK\$1,443,050 (the "**Deposit**") which has been paid to the Vendors as deposit and part payment of the Consideration on the date of signing of the Agreement; and
- (ii) subject to adjustment to the Consideration as set out below, the balance in the sum of HK\$27,417,950 (the "**Final Payment**") to be paid by the Purchaser to the Vendors by bank draft upon Completion.

Adjustment to the Consideration

The Vendors shall procure that the Completion Accounts be drawn up and delivered to the Purchaser not less than five (5) Business Days prior to the Completion Date. Completion shall take place on the basis of the Completion Accounts. If the Completion Accounts shall show that the Target Company has any Liabilities, the Final Payment shall be reduced by the amount of such Liabilities on a dollar-for-dollar basis.

The Consideration was determined after arm's length negotiation between the Vendors and the Purchaser with reference to, among others, the current market price of comparable properties in proximity to the Properties, the current Hong Kong property market sentiment and the valuation on the Properties performed by an independent valuer by adopting the market approach, which is a direct comparison method with reference to the comparable market transactions as available.

The Consideration will be financed by the internal resources of the Group and banking facilities available to the Purchaser.

Conditions precedent

The sale and purchase of the Sale Shares and the Sale Loan is conditional upon fulfilment of the following conditions:

- (i) the Purchaser being satisfied (in its sole and absolute opinion) with the results of the due diligence review of the Target Company including but not limited to the legal and financial due diligence review and the review of the properties, assets, liabilities and affairs of the Target Company as the Purchaser may consider appropriate;
- (ii) the Vendors procuring the Target Company to prove and show a good and marketable title to the Properties in accordance with Sections 13 and 13A of the Conveyancing and Property Ordinance (Cap. 219 of the Laws of Hong Kong) at the cost of the Vendors and the Purchaser being satisfied (in its sole and absolute opinion) that the Target Company has a good and marketable title to the Properties;
- (iii) all mortgages, rental assignments and/or any other Encumbrances against the Properties (including but not limited to the existing mortgages and rental assignments as set out in the Agreement) and all guarantees, indemnities, sureties and security given by the Target Company having been fully and completely released or discharged at the cost of the Vendors to the satisfaction of the Purchaser in its sole and absolute opinion;
- (iv) the Target Company being the sole registered and beneficial owner of the Properties free from all Encumbrances;
- (v) each of the Vendors being the sole legal and beneficial owner of the Sale Shares, respectively free from all Encumbrances and having the capacity and power to sell the Sale Shares;
- (vi) the obtaining of applicable consents from any third parties which are necessary in connection with the execution and performance of the transactions contemplated under the Agreement;
- (vii) all liabilities and payables of the Target Company (other than the Sale Loan and a rental deposit received of HK\$192,726 which is due to the Purchaser) at Completion having been fully settled or assigned in the form and manner to be agreed by the Purchaser in writing; and
- (viii) the representations, warranties and undertakings in the Agreement remaining true and accurate and not misleading at Completion as if repeated at Completion and at all times between the date of the Agreement and Completion.

The Vendors must procure the fulfilment of the Conditions (which may be waived by the Purchaser) as soon as practicable but in any event no later than 45 days after the date of the Agreement.

If any of the Conditions shall not have been fulfilled or waived in accordance with the Agreement, then the Purchaser shall not be bound to proceed with the purchase of the Sale Shares and the Sale Loan and the Deposit shall forthwith be returned to the Purchaser and upon such return of the Deposit, the Agreement shall cease to have any effect and no party shall have any claim under it against the others (without prejudice to the rights of any party in respect of antecedent breaches).

Completion

Subject to the Conditions, Completion is expected to take place on the fifth Business Day after all the Conditions of the Agreement are fulfilled or waived, or such other date as the Vendors and the Purchaser may agree in writing.

INFORMATION ON THE TARGET COMPANY AND THE PROPERTIES

The Target Company is a company incorporated in Hong Kong and is principally engaged in property investment for letting. The Target Company is the sole registered and beneficial owner of the Properties.

The principal asset of the Target Company is the Properties. The Properties are known as (i) Unit W1, 1st Floor, Block 2, Kwun Tong Industrial Centre, Nos.460-470 Kwun Tong Road, Kowloon, Hong Kong; (ii) Unit W2, 1st Floor, Block 2, Kwun Tong Industrial Centre, Nos.460-470 Kwun Tong Road, Kowloon, Hong Kong; (iii) Unit W3, 1st Floor, Block 2, Kwun Tong Industrial Centre, Nos.460-470 Kwun Tong Road, Kowloon, Hong Kong; and (iv) Unit K2, 1st Floor, Block 2, Kwun Tong Industrial Centre, Nos.460-470 Kwun Tong Road, Kowloon, Hong Kong with a total saleable area of approximately 4,723.00 square feet. As at the date of this announcement, the Properties are subject to three existing tenancy agreements which are currently leased to the Purchaser and will be expiring on 30 September 2023. Set out below is the financial information of the Target Company for the financial years ended 31 December 2021 and 2022:

	For the years ended	
	31 December	
	2021	2022
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
	(Audited)	(Unaudited)
Loss before taxation	1,476	1,577
Loss for the year	1,476	1,577

The unaudited net liability of the Target Company as at 31 December 2022 and 31 May 2023 was approximately HK\$6.59 million and HK\$6.31 million respectively.

Upon Completion, the Target Company will become an indirect non wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the financial statements of the Enlarged Group.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Purchaser is principally engaged in digital printing services in Hong Kong. The Properties are currently rented and used by the Purchaser in the course of its ordinary business. The relevant tenancy agreements of the Properties will be expiring on 30 September 2023.

Having considered (i) the risk of relocation upon expiration or any termination of the relevant tenancy agreements of the Properties and the Group may not be able to secure leases with comparable and/or commercially acceptable terms and conditions; (ii) the renovation expenses and time costs that would have incurred by the Group for relocation; (iii) the rental cost of leasing of the Properties; and (iv) the potential benefit to the Group attributed from the acquisition of Properties in terms of future appreciation in value of the Properties, the Directors are of the view that it is in the interests of the Group to acquire the Properties to save rental, relocation and renovation expenses in the long run.

Therefore, the Directors are of the view that the Agreement is entered into on normal commercial terms, are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

INFORMATION OF THE GROUP

The Company is an investment holding company. The Group is principally engaged in the provision of printing services and solutions on advertisement, bound books and stationeries.

The Purchaser is a company incorporated in Hong Kong with limited liability. It is an indirect non wholly-owned subsidiary of the Company and is principally engaged in the provision of digital printing services in Hong Kong.

INFORMATION OF THE VENDORS

Each of the Vendors is a Hong Kong citizen and a merchant and the legal and beneficial owner of the Sale Shares respectively prior to the entering of the Agreement.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendors is an Independent Third Party.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the Acquisition is more than 5% but all of the applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Acquisition”	the proposed acquisition of the Sale Shares and the Sale Loan by the Purchaser
“Agreement”	the sale and purchase agreement dated 1 June 2023 entered into between the Purchaser and the Vendors in relation to the Acquisition
“Associate(s)”	shall have the meaning ascribed thereto under the Listing Rules
“Board”	the board of the Directors
“Business Day”	a day, other than a “general holiday” (as defined in the General Holidays Ordinance (Cap. 149 of the Laws of Hong Kong)), Saturday and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon, on which licensed banks in Hong Kong are generally open for business
“Company”	eprint Group Limited (Stock code: 1884), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition
“Completion Accounts”	the unaudited accounts of the Target Company comprising the balance sheet of the Target Company as at the Completion Date and the income statement of the Target Company for the period commencing from 1 January 2023 to the Completion Date
“Completion Date”	the fifth Business Day after all the Conditions of the Agreement are fulfilled or waived, or such other date as the Vendors and the Purchaser may agree in writing
“Conditions”	the condition(s) precedent to Completion as set out in the section headed “Conditions precedent” in this announcement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Consideration”	HK\$28,861,000, being the total amount of consideration for the sale and purchase of the Sale Shares and the Sale Loan
“Director(s)”	the director(s) of the Company
“Encumbrance(s)”	any mortgage, charge, pledge, lien, hypothecation, option, equity, third party right or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same
“Enlarged Group”	the Group upon Completion
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) who is/are independent of and not connected with the Company and its connected persons or any of their respective Associates
“Liabilities”	the total liabilities of the Target Company whether actual or contingent as at Completion, and for the avoidance of doubt, including all provisions for taxation and bad debts and excluding the Sale Loan and a rental deposit received in the amount of HK\$192,726 which is due to the Purchaser
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Li”	Mr. Li Cham Kuen, one of the Vendors and an Independent Third Party
“Properties”	<ul style="list-style-type: none"> (i) Unit W1, 1st Floor, Block 2, Kwun Tong Industrial Centre, Nos.460-470 Kwun Tong Road, Kowloon, Hong Kong; (ii) Unit W2, 1st Floor, Block 2, Kwun Tong Industrial Centre, Nos.460-470 Kwun Tong Road, Kowloon, Hong Kong; (iii) Unit W3, 1st Floor, Block 2, Kwun Tong Industrial Centre, Nos.460-470 Kwun Tong Road, Kowloon, Hong Kong; and (iv) Unit K2, 1st Floor, Block 2, Kwun Tong Industrial Centre, Nos.460-470 Kwun Tong Road, Kowloon, Hong Kong

“Purchaser”	e-banner Limited, a company incorporated in Hong Kong with limited liability and is an indirect non wholly-owned subsidiary of the Company
“Sale Loan”	the outstanding shareholder’s loan being owed by the Target Company to Mr. Li at Completion
“Sale Shares”	the 10,000 shares in the capital of the Target Company (being 100% of its issued share capital) being legally and beneficially owned by the Vendors, Mr. Li and Mr. Lee Wut Chuen as to 70% and 30%, respectively
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	WAB2 Group (HK) Limited, a private limited company incorporated in Hong Kong and the sole registered and beneficial owner of the Properties
“Vendors”	Mr. Li and Mr. Lee Wut Chuen

By Order of the Board
eprint Group Limited
She Siu Kee William
Chairman

Hong Kong, 1 June 2023

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.