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UNIVERSE PRINTSHOP HOLDINGS LIMITED

環球印館控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8448)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE EARLY SETTLEMENT OF REMAINING RENTAL EXPENSES FOR THE DISCLOSABLE AND CONNECTED TRANSACTION

Reference is made to the announcement of Universe Printshop Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 19 March 2020 (the “**Announcement**”) in relation to, inter alia, the lease of Premises A under Tenancy Agreement A. Unless otherwise defined, capitalised terms and expressions used herein shall have the same meanings as defined in the Announcement.

BACKGROUND

The COVID-19 pandemic has hit the economy since the beginning of 2020 and posed a negative financial impact on the Group. In response to this challenge, the Group has been exploring various means to control its costs to improve profitability and competitiveness. As a trial of one of the cost-saving measures, the management expressed a desire to UPCL, the Landlord of Premises A, for reaching better terms or rental rate of the existing Tenancy Agreement A in respect of the production premise for the operation of the principal business. UPCL then proposed a 10% discount on the rental payment for six (6) months on the condition that the Company prepay a total of six (6) months rental payment in advance (the “**Conditional Rental Discount**”) to UPCL.

The Board of the Company agreed on the Conditional Rental Discount offer and on 13 September 2021, the UPHL, a wholly-owned subsidiary of the Company, and UPCL (collectively the “**Parties**”) entered into a supplemental agreement (“**Supplemental Agreement**”) to the Tenancy Agreement A, pursuant to which both Parties agreed to add certain terms in the Tenancy Agreement A so as to offer the Conditional Rental Discount to the Group to cater for business needs of both Parties. The prepayment of six months rental payment in the sum of HK\$1,217,048 will be paid to UPCL before 15 September 2021.

KEY TERMS OF THE SUPPLEMENTAL AGREEMENT

Key terms of the Supplemental Agreement are as follows:

Date	13 September 2021
Tenant	UPHL
Landlord	UPCL
Location of property	Basement A4, Units A, M, N and R on the 8th Floor and Unit A on the 9th Floor, Block 4, Kwun Tong Industrial Centre, 436–446 Kwun Tong Road, Kowloon, Hong Kong (<i>Note</i>)
Monthly rent	HK\$225,379.31 (<i>Note</i>) (exclusive of government rent rates, management fees and utilities charges which shall be borne by UPHL)
Discounted monthly rent	HK\$202,841.38 (at a discount rate of 10%)
Payment terms	Payable in full for the remaining six months from October 2021 to March 2022 on the day of the agreement
Size of property (Saleable area)	12,608 square feet

REASONS FOR AND BENEFITS OF THE SUPPLEMENTAL AGREEMENT

The Directors consider that it is desirable for the Company to enter into the Supplemental Agreement, as it will allow the Company to (i) better utilise the idle cash which has been placed at a fixed deposit for generating an average interest return of 0.32% per annum; and (ii) save rental expenses at a discount rate of 10%.

Having taken into account the above reasons and benefits, the Directors (including all the independent non-executive Directors) therefore consider that the terms of the Supplemental Agreement are on normal commercial terms, fair and reasonable and the transaction contemplated thereunder is in the interests of the Company and the Shareholders as a whole.

	Original terms under Tenancy Agreement A	Revised terms under Supplemental agreement
Monthly rent	HK\$225,379.31	HK\$202,841.38
Total rental payment for the remaining six months	HK\$1,352,275.86	HK\$1,217,048.28
Cost saved	N/A	HK\$135,227.59
Fixed deposit interest income foregone	N/A	HK\$1,900.00
Net saving before tax	N/A	HK\$133,327.59*

* HK\$1,352,279.31-HK\$1,217,048.28-HK\$1,900

BOARD'S APPROVAL

The Supplemental Agreement has been approved by the Board. As of the date of this announcement, as Mr. Chau and Mr. Hsu are both connected persons of the Company and hold 30% or more of the voting shares of UPCL, UPCL is an associate of Mr. Chau and Mr. Hsu and hence connected persons of the Company.

Mr. Chau (an executive Director and a controlling shareholder of the Company) and Mr. Hsu (an executive Director), who both are considered to have a material interest in the Tenancy Agreement A, have abstained from voting on the resolution of the Board approving the Supplemental Agreement.

GEM LISTING RULES IMPLICATIONS OF THE SUPPLEMENTAL AGREEMENT

This announcement is made to comply with the requirements under Rule 20.33 of the GEM Listing Rules. Pursuant to the note to Rule 20.33 of the GEM Listing Rules, if there is any material variation of the terms of the connected transaction in the completion, the listed issuer must announce this fact as soon as practicable.

As a result of entering into the Supplemental Agreement, the Group shall recognise a gain on lease modification representing 10% discount on the rental payment for six months in the total amount of approximately HK\$135,000. As such, the transaction contemplated under the Supplemental Agreement will be recognised as other gain of the Company. As the applicable percentage ratios set out in Rule 19.07 of the GEM Listing Rules for the transaction contemplated under the Supplemental Agreement is less than 5% and the value of the total consideration is less than HK\$3,000,000, the Supplemental Agreement is fully exempt from the reporting, announcement and annual review requirement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The Directors (including the independent non-executive Directors) are of the opinion that the Supplemental Agreement has been entered into in the ordinary and usual course of business of the Group and are on normal commercial terms and on pricing terms no less favourable to the Company than those provided to the Independent Third Parties, and the terms and conditions therein for the Supplemental Agreement is fair and reasonable and in the interests of the Company and the shareholders as a whole.

Note:

As of the date of this announcement, the Board was given to understand from Mr. Chau and Mr. Hsu that, UPCL disposed of the Unit Q on the 8th Floor, Block 4, Kwun Tong Industrial Centre, 436–446 Kwun Tong Road, Kowloon, Hong Kong which was one of the Units in Premises A of the Tenancy Agreement A (“**Disposed Unit**”) to an independent third party of the Company in March 2021.

Subsequent to the disposal of the Disposed Unit, (i) UPHL as the tenant and the independent third party as landlord entered into a tenancy agreement for the Disposed Unit, and in effect, the corresponding monthly rental payment with respect to the Disposed Unit amounting to HK\$32,620.69 had become payable and was paid to the independent third party by the same amount as if it was paid to UPCL before the disposal of the Disposed Unit, and (ii) the monthly rental payment of Premises A payable to UPCL was reduced by HK\$32,620.69 to HK\$225,379.31, representing the monthly rent for the Premises A excluding the Disposed Unit. Saved as disclosed above, all other terms of the Tenancy Agreement A remained in full force and effect until the entry of the Supplemental Agreement. There was no financial effect to the Group as a tenant in respect of the total monthly rental payable for Premises A under the Tenancy Agreement A.

By order of the Board
Universe Printshop Holdings Limited
Chau Man Keung
Chairman and Executive Director

Hong Kong, 13 September 2021

*This announcement, for which the directors of the Company (the “**Directors**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

As at the date of this announcement, the executive Directors are Mr. Chau Man Keung, Mr. Hsu Ching Loi, Mr. Wong Man Hin Joe and Mr. Leung Yuet Cheong and the independent non-executive Directors are Mr. Wan Aaron Chi Keung, BBS, JP, Mr. Chan Chun Kit and Dr. Sun Yongjing.

This announcement will remain on the website of the GEM at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting. This announcement will also be published and remains on the website of the Company at www.uprintshop.hk.