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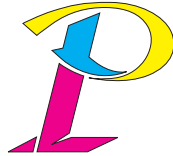
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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **Prosperous Printing Company Limited** (“Company”), you should at once hand this circular to the purchaser, the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**Prosperous Printing Company Limited****萬里印刷有限公司***(incorporated in Hong Kong with limited liability)***(Stock code: 8385)****MAJOR TRANSACTION IN RELATION TO  
NEW LEASE AGREEMENTS**

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Capitalised terms used on this cover shall have the same meanings as those defined in this circular, unless the context requires otherwise.

A letter from the Board is set out on pages 3 to 10 of this circular.

The Company has obtained written Shareholders' approval for the New Lease Agreements pursuant to Rule 19.44 of the GEM Listing Rules. Accordingly, no Shareholders' meeting will be held to approve the New Lease Agreements pursuant to Rule 19.44 of the GEM Listing Rules. This circular is being despatched to the Shareholders for information only.

28 September 2022

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## CHARACTERISTICS OF GEM

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GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“Announcement”	the announcement of the Company dated 8 March 2022 in relation to the New Lease Agreements
“Board”	the board of Directors
“Company”	Prosperous Printing Company Limited, a limited liability company incorporated in Hong Kong, the shares of which are listed on the GEM of the Stock Exchange (stock code: 8385)
“Directors”	the directors of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM on the Stock Exchange
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a party independent of and not connected with (within the meaning of the GEM Listing Rules) the Company and its connected persons
“Latest Practicable Date”	26 September 2022, being the latest practicable date prior to the bulk printing of this circular for ascertaining certain information contained herein
“Lessor”	Long Yi Shoes (Shenzhen) Company Limited* (隆禱鞋業(深圳)有限公司) incorporated in the PRC with limited liability
“New Factory Lease Agreement”	the lease agreement dated 8 March 2022 entered into between Prosperous (SZ) and the Lessor for the lease of the Shenzhen Factory, as supplemented by the New Factory Lease Supplemental Agreement
“New Factory Lease Supplemental Agreement”	the supplemental agreement to the New Factory Lease Agreement dated 26 September 2022 entered into between Prosperous (SZ) and the Lessor for the lease of the Shenzhen Factory
“New Lease Agreements”	collectively the New Factory Lease Agreement and the New Warehouse Lease Agreement

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## DEFINITIONS

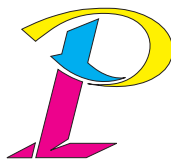
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“New Warehouse Lease Agreement”	the lease agreement dated 8 March 2022 entered into between Prosperous (SZ) and the Lessor for the lease of the Shenzhen Warehouse, as supplemented by the New Warehouse Lease Supplemental Agreement
“New Warehouse Lease Supplemental Agreement”	the supplemental agreement to the New Warehouse Lease Agreement dated 26 September 2022 entered into between Prosperous (SZ) and the Lessor for the lease of the Shenzhen Warehouse
“Previous Factory Lease Agreement”	the lease agreement entered into between Prosperous (SZ) and the Lessor on 25 March 2019 for the lease of, among others, the Shenzhen Factory
“Previous Warehouse Lease Agreement”	the lease agreement entered into between Prosperous (SZ) and the Lessor on 28 December 2020 for the lease of, among others, the Shenzhen Warehouse
“PRC”	the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Prosperous (SZ)”	Prosperous Printing (Shenzhen) Co., Ltd. (中萬印刷(深圳)有限公司), a wholly foreign-owned limited liability company established in the PRC and a wholly-owned subsidiary of the Company
“Registered Owner”	Freetrend Industrial Limited (賜昌實業有限公司) incorporated in Hong Kong with limited liability
“Rights Issue”	the proposed issue by way of rights on the basis of three (3) rights shares for every two (2) existing shares held by the qualifying Shareholders on the terms and subject to the conditions set out in the underwriting agreement dated 29 December 2021 (as supplemented and amended on 15 February 2022) entered into between the Company and Sorrento Securities Limited and the prospectus of the Company dated 10 March 2022, and subsequently terminated as disclosed in the announcement of the Company dated 28 March 2022
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Shenzhen Factory”	the property rented under the New Factory Lease Agreement
“Shenzhen Warehouse”	the property rented under the New Warehouse Lease Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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## LETTER FROM THE BOARD

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### Prosperous Printing Company Limited

### 萬里印刷有限公司

*(incorporated in Hong Kong with limited liability)*

**(Stock code: 8385)**

*Executive Directors:*

Mr. Lam Sam Ming  
Ms. Chan Sau Po  
Ms. Yao Yuan

*Registered office, head office and principal  
place of business in Hong Kong:*

3/F, Yip Cheung Centre  
10 Fung Yip Street  
Chai Wan  
Hong Kong

*Independent non-executive Directors:*

Ms. Cheung Yin  
Mr. Wong Hei Chiu  
Mr. Leung Vincent Gar-Gene

28 September 2022

Dear Sir or Madam

### MAJOR TRANSACTION IN RELATION TO NEW LEASE AGREEMENTS

On 8 March 2022, the Company announced in the Announcement that Prosperous (SZ) entered into the New Lease Agreements.

This circular is despatched to the Shareholders for information purposes only.

#### INTRODUCTION

Reference is made to the announcements of the Company dated 25 March 2019, 24 May 2020, 5 June 2020 and 28 December 2020 in relation to, among others, the leases of the Shenzhen Factory and the Shenzhen Warehouse.

In view of the expiry on 30 March 2022 of the Previous Factory Lease Agreement in respect of the lease of, among others, the Factory, Prosperous (SZ), a wholly-owned subsidiary of the Company, as lessee, and the Lessor, entered into the New Factory Lease Agreement for the renewal of the lease of the Shenzhen Factory for a term of three years.

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## LETTER FROM THE BOARD

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In view of the expiry on 30 March 2022 of the Previous Warehouse Lease Agreement in respect of, among others, the lease of the Warehouse, Prosperous (SZ), a wholly-owned subsidiary of the Company, as lessee, and the Lessor, entered into the New Warehouse Lease Agreement for the renewal of the lease of the Shenzhen Warehouse for a term of three years.

The term of the New Lease Agreements was initially agreed to be 31 March 2022. In light of the time required for despatch of the circular which is required before the commencement date of the term of New Lease Agreements, Prosperous (SZ) and the Lessor entered into the New Factory Lease Supplemental Agreement and the New Warehouse Lease Supplemental Agreement to confirm that the commencement date of the term of New Lease Agreements shall be revised from 31 March 2022 to 1 October 2022.

The details of the New Lease Agreements are as follows:

### (A) NEW FACTORY LEASE AGREEMENT

<b>Date of entering the New Factory Lease Agreement:</b>	8 March 2022
<b>Parties:</b>	(1) Prosperous (SZ) (as lessee) and (2) the Lessor (as lessor)
<b>Term:</b>	From 1 October 2022 to 31 March 2025 (note)
<b>Early Termination:</b>	It is not permitted under the New Factory Lease Agreement.
<b>Location of the lease premise:</b>	Ci Chang Road No. 8, Bao An Qu, Yuan Shan Jie Dao, Long Gang District, Shenzhen, Guangdong, the PRC* (中國廣東省深圳市龍崗區園山街道保安區賜昌路8號)
<b>Security deposit and payment arrangement:</b>	Prosperous (SZ) shall pay RMB1,675,998 to the Lessor within three days after the signing date of the New Factory Lease Agreement, which is the aggregate sum of:  (a) two months of rent (RMB1,117,332) as the security deposit; and  (b) one month of rent (RMB558,666) as the prepaid monthly rental respectively.

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## LETTER FROM THE BOARD

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**Monthly rental:  
(note)**

Under the New Factory Lease Agreement, the monthly rental for the first year commencing from 1 October 2022 to 31 March 2023 shall be RMB558,666, the monthly rental for the period commencing from 1 April 2023 to 31 March 2024 shall be RMB586,600, and the monthly rental for the period commencing from 1 April 2024 to 31 March 2025 shall increase to RMB615,930. Prosperous (SZ) shall pay the monthly rental within the first tenth day of each month to the Lessor.

The monthly rental is higher than RMB407,668 during 1 April 2021 to 30 March 2022 under the Previous Factory Lease Agreement. The monthly rental is determined with reference to (i) the Previous Factory Lease Agreement; and (ii) the market rent of the premise according to the fair rent letter issued by an independent and qualified valuer based on the prevailing market conditions and the rental level of similar properties at the vicinity.

**Gross floor area:**

14,575.48 m<sup>2</sup> for factory use, and 4,460 m<sup>2</sup> for dormitory use.  
(Total: 19,035.48 m<sup>2</sup>)

The size is the same as the Previous Factory Lease Agreement.

**Renewal:**

The lease will not be automatically renewed upon the expiry of the New Factory Lease Agreement.

*Note:*

As agreed by Prosperous (SZ) and the Lessor in the New Factory Lease Supplemental Agreement, the commencement date of term of the lease under the New Factory Lease Agreement has been revised from 31 March 2022 to 1 October 2022, with all other terms remaining unchanged, including but not limited to the rental amount and 31 March 2022 being a rent-free date. With regard to the usage of the Shenzhen Factory during the period from 31 March 2022 to 30 September 2022, the usage is based on the monthly payment of RMB558,666 by Prosperous (SZ) to the Lessor without fixed term lease agreement.



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## LETTER FROM THE BOARD

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### (B) NEW WAREHOUSE LEASE AGREEMENT

<b>Date of entering the New Warehouse Lease Agreement:</b>	8 March 2022
<b>Parties:</b>	(1) Prosperous (SZ) (as lessee) and (2) the Lessor (as lessor)
<b>Term:</b>	From 1 October 2022 to 31 March 2025 (note)
<b>Early Termination:</b>	It is not permitted under the New Warehouse Lease Agreement.
<b>Location of the lease premise:</b>	1F, 2F and 4F, Dadi Factory Block A, Ao Bei Factory Zone, Ci Chang Road No. 8, Bao An Community, Yuan Shan Jie Dao, Long Gang District, Shenzhen, Guangdong, the PRC* (中國廣東省深圳市龍崗區園山街道保安社區賜昌路8號坳背廠區的大底廠區A棟1F, 2F及4F).
<b>Security deposit:</b>	Prosperous (SZ) shall pay RMB651,600 to the Lessor within three days after the signing date of the New Warehouse Lease Agreement, which is the aggregate sum of:  (a) two months of rent (RMB434,400) as the security deposit; and  (b) one month of rent (RMB217,200) as the prepaid monthly rental respectively.
<b>Monthly rental: (note)</b>	Under the New Warehouse Lease Agreement, the monthly rental for the first year commencing from 1 October 2022 to 31 March 2023 shall be RMB217,000, the monthly rental for the period commencing from 1 April 2023 to 31 March 2024 shall be RMB228,060, and the monthly rental for the period commencing from 1 April 2024 to 31 March 2025 shall increase to RMB239,463. Prosperous (SZ) shall pay the monthly rental within the first tenth day of each month to the Lessor.

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## LETTER FROM THE BOARD

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The monthly rental is determined with reference to the Previous Warehouse Lease Agreement. The monthly rental under the Previous Warehouse Lease Agreement was RMB294,525. The monthly rental is determined with reference to (i) the Previous Warehouse Lease Agreement; and (ii) the market rent of the premise according to the fair rent letter issued by an independent and qualified valuer based on the prevailing market conditions and the rental level of similar properties at the vicinity.

**Gross floor area:** 9,050 m<sup>2</sup> for factory use  
(The size is smaller from that of 12,750 m<sup>2</sup> under the Previous Warehouse Lease Agreement)

**Renewal:** The lease will not be automatically renewed upon the expiry of the New Warehouse Lease Agreement.

*Note:*

As agreed by Prosperous (SZ) and the Lessor in the New Warehouse Lease Supplemental Agreement, the commencement date of term of the lease under the New Warehouse Lease Agreement has been revised from 31 March 2022 to 1 October 2022, with all other terms remaining unchanged, including but not limited to the rental amount and 31 March 2022 being a rent-free date. With regard to the usage of the Shenzhen Warehouse during the period from 31 March 2022 to 30 September 2022, the usage is based on the monthly payment of RMB217,000 by Prosperous (SZ) to the Lessor without fixed term lease agreement.

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## LETTER FROM THE BOARD

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### REASONS FOR AND BENEFITS OF THE NEW LEASE AGREEMENTS

As disclosed in the announcements of the Company dated 25 March 2019 and 28 December 2020, the Group has leased and has been using, among others, the Shenzhen Factory and the Shenzhen Warehouse for production and storage purposes. In view of the expiration of the existing leases under the Previous Factory Lease Agreement and the Previous Warehouse Lease Agreement, the Group would need to enter into new lease agreements for production and storage. Having regard that the transportation convenience between Shenzhen and Hong Kong where the Company's headquarter is situated, the Board considered that Shenzhen is an appropriate venue for the Group for such purposes, and by entering into the New Lease Agreements at the existing premises, the Group could save relocation costs.

In order to reduce the operation costs of the Group, upon negotiation with the Lessor, the Group would only renew part of the Shenzhen Warehouse. The gross floor area under the New Warehouse Lease Agreement is 9,050 m<sup>2</sup>, while the gross floor area under the Previous Warehouse Lease Agreement is 12,750 m<sup>2</sup>. The gross floor area under the New Factory Lease Agreement and Old Factory Lease Agreement are the same.

Based on the reasons for and benefits as set out above, and with reference to the prevailing market rental of similar property in nearby locations, the Directors (including the independent non-executive Directors) are of the opinion that (1) the transaction under the New Lease Agreements are on normal commercial terms and in the ordinary and usual course of business of the Group; and (2) that the terms of the New Lease Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### INFORMATION ON THE GROUP, THE LESSOR AND THE REGISTERED OWNER

The Group is principally engaged in the production and trading of books and paper products. The Lessor is Long Yi Shoes (Shenzhen) Company Limited\* (隆禕鞋業(深圳)有限公司) which is a company incorporated in the PRC with limited liability. The Registered Owner of the Shenzhen Factory and Shenzhen Warehouse is Freetrend Industrial Limited (賜昌實業有限公司), which is a company incorporated in Hong Kong with limited liability. The Registered Owner has authorised the Lessor to enter into the New Factory Lease Agreement and New Warehouse Lease Agreement.

The Lessor is principally engaged in, among others, development and wholesale of shoes. Upon reasonable enquiry by Prosperous (SZ), ZHAO Jianzhi (趙健智) is the sole ultimate beneficial owner of the Lessor, and is an Independent Third Party.

The Registered Owner is Freetrend Industrial Limited. Upon reasonable enquiry by Prosperous (SZ), HUANG Chen Yuan (alias James HUANG) (黃振元) is the sole ultimate beneficial owner of the Registered Owner, and is an Independent Third Party.

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## LETTER FROM THE BOARD

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### IMPLICATIONS UNDER THE HKFRS AND THE GEM LISTING RULES

In accordance with HKFRS 16 “Leases”, the Group will recognise a right-of-use asset and lease liabilities on its consolidated statement of financial position in connection with the new leases of the Shenzhen Factory and the Shenzhen Warehouse under the New Lease Agreements. Accordingly, the entering into each of the New Factory Lease Agreement and the New Warehouse Lease Agreement by Prosperous (SZ) will be regarded as an acquisition of a capital asset for the purposes of the GEM Listing Rules.

The unaudited value of right-of-use asset recognised by the Company under the New Lease Agreements amounted to approximately RMB26.91 million as at 31 March 2022 with the discount rate of 5.6%. The Group will depreciate the right-of-use assets over the estimated useful life of 36 months on a straight line-basis and a monthly depreciation amounting to approximately RMB0.75 million will be charged to the consolidated statement of profit or loss. Lease liabilities amounting to approximately RMB26.91 million as at 31 March 2022 has been recognised by the Group in the consolidated statement of financial position and will decrease upon the settlement of lease payments to the Lessor accordingly. There would be no change in net assets on the consolidated statement of financial position of the Group immediately after the entering into the Lease Agreements.

Since the New Factory Lease Agreement and the New Warehouse Lease Agreement are entered into by the Group with the same Lessor at the same time, and both the premises belong to the Registered Owner, the transactions under these New Lease Agreements shall be aggregated.

As the relevant percentage ratios for the New Lease Agreements are more than 25% but less than 100%, the transactions contemplated under the New Lease Agreements constitutes a major transaction for the Company under Rule 19.06(3) of the GEM Listing Rules. Accordingly, the transactions contemplated under the New Lease Agreements are subject to notification, announcement, reporting and Shareholders’ approval requirements under Chapter 19 of the GEM Listing Rules.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, no Shareholder or any of their respective associates have any material interest in the New Lease Agreements, thus no Shareholder is required to abstain from voting if the Company was to convene a general meeting for the approval of the New Lease Agreements.

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## LETTER FROM THE BOARD

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### GENERAL

The Company has obtained a written approval from First Tech Inc., the controlling shareholder of the Company holding 480,000,000 ordinary shares of the Company, representing 60% of the total issued shares of the Company as at the Latest Practicable Date, in lieu of holding a general meeting to approve the New Lease Agreements and the transactions contemplated therein in accordance with Rule 19.44 of the GEM Listing Rules.

### RECOMMENDATION

Although no extraordinary general meeting will be convened, the Board considers that the entering into of the New Lease Agreements was on normal commercial terms and the terms of the New Lease Agreements are fair and reasonable and are in the best interests of the Company and the Shareholders as a whole. Accordingly, if an extraordinary general meeting was convened for approving the entering into of the New Lease Agreements, the Board would have recommended the Shareholders to vote in favour of the entering into of the New Lease Agreements.

### ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendices to this circular.

By order of the Board  
**Prosperous Printing Company Limited**  
**Lam Sam Ming**  
*Chairman and executive Director*

**1. FINANCIAL INFORMATION OF THE GROUP**

The financial information of the Group for the year ended 31 December 2019 is disclosed in the 2019 annual report of the Company which is available on the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0507/2020050701303.pdf>

The financial information of the Group for the year ended 31 December 2020 is disclosed in the 2020 annual report of the Company which is available on the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0331/2021033101026.pdf>

The financial information of the Group for the year ended 31 December 2021 is disclosed in the 2021 annual report of the Company which is available on the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0401/2022040100352.pdf>

The financial information of the Group for the six months ended 30 June 2022 is disclosed in the 2022 interim report of the Company which is available on the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0812/2022081201878.pdf>

**2. INDEBTEDNESS OF THE GROUP****Borrowings**

At the close of business on 31 July 2022, being the latest practicable date prior to the printing of this indebtedness statement, the Group had outstanding secured and guaranteed bank loans and overdrafts of approximately HK\$144,198,000 and lease liabilities of approximately HK\$34,851,000.

**Security and guarantees**

At the close of business on 31 July 2022, the Group's secured bank loans and overdrafts were secured by the Group's leasehold buildings in Hong Kong, financial assets at fair value through profit or loss, investments in key management insurance policies, pledged bank deposits, factoring of certain trade receivables and corporate guarantees given by the Company and certain subsidiaries.

The Group's lease liabilities are secured by the underlying assets under hire purchase agreements.

**Disclaimer**

Save as aforesaid and apart from intra-group liabilities and normal trade payables, the Group did not, at the close of business on 31 July 2022, have outstanding any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, finance lease or hire purchases commitments, guarantees or other material contingent liabilities.

**3. WORKING CAPITAL STATEMENT**

The Directors are of the opinion that, after taking into account the existing cash and cash equivalents, successful renewal of bank loans and available banking facilities, the Group will not have sufficient working capital for its present requirements for at least twelve months from the date of this circular in the absence of additional financing. A shortfall in working capital of approximately HK\$17,176,000 was already noted by the end of August 2022. The Group will (i) closely monitor its operations and implement cost control on operating costs and administrative expenses; (ii) actively negotiating with its bankers to renew or/and extend its existing banking facilities; (iii) seek opportunities to dispose certain properties; and (iv) actively and regularly review its capital structure and source additional capital by raising new debt financing or, issuing new shares, where appropriate.

#### 4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in the provision of printing products to Hong Kong-based print brokers with customers in overseas markets and to international publishers mainly located in the United States of America (the “U.S.”), the United Kingdom (the “U.K.”), Australia and Europe (excluding the U.K.). The Group’s products comprise mainly books and other paper-related products.

The financial performance of the Group for the year ended 31 December 2021 and the six months ended 30 June 2022 has been adversely affected by the prolonged COVID-19 pandemic and overall global economy uncertainty.

For the year ended 31 December 2021, the Group recorded a net loss of approximately HK\$83.1 million, and recorded a gross profit of HK\$54.2 million during the year ended 31 December 2021 but a gross loss of HK\$4.4 million during the year ended 31 December 2020.

The Group incurred a loss of approximately HK\$83.1 million for the year ended 31 December 2021, and as of that date, the Group had net current liabilities of approximately HK\$72.6 million. Included in the bank loans and overdrafts as at 31 December 2021 are carrying amounts of approximately HK\$138.6 million which may be immediately due for repayment while the relevant bank facility was subsequently renewed as per the update announcement dated 15 June 2022. The auditors of the Company stated in the 2021 annual report that they do not express an opinion on the consolidated financial statements of the Group because of the significance of the above conditions which indicated the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. As at 30 June 2022, the net current liabilities of the Group increased to approximately HK\$92.6 million.

The Group remains cautiously optimistic of the prospects and believe that the printing market will be sustainable in a steady and healthy way, and intend to continue to build the Group’s competitive strengths so as to increase market share and profitability. To achieve its goal, the Group plans to implement the following business strategies: improving its equipment and the level of automation, expanding customer base and strengthening sales and marketing coverage, and continuing to attract and retain top talent in the industry.

In the coming years, there are certain risks that the Group will face such as (i) challenges from the uncertainty of economies due to, among others, COVID-19 and the U.S.-China trade dispute; (ii) increase in paper cost and technological advancements in publishing and new forms of information dissemination; (iii) reliance of bank facilities to finance its operations; (iv) weak liquidity due to loss making position and weak operating cash flows and financial position; and (v) reliance on the U.S. and U.K. markets. However, the Group remains cautiously optimistic of the prospects and believe that the printing market will be sustainable in a steady and healthy way, and intend to continue to build the Group’s competitive strengths so as to increase market share and profitability. To achieve its goal, the Group plans to implement the following business strategies: improving its equipment and the level of automation, expanding customer base and strengthening sales and marketing coverage, and continuing to attract and retain top talent in the industry.



## 5. MATERIAL ADVERSE CHANGE

The financial performance of the Group has been adversely affected by the prolonged COVID-19 pandemic and overall global economy uncertainty. The Group sustained a loss of approximately HK\$21,208,000 for the six months ended 30 June 2022 and a net loss of approximately HK\$83,086,000 for the year ended 31 December 2021, and as of that date, the Group had net current liabilities of approximately HK\$92,625,000 and bank loans and overdrafts amounting to approximately HK\$144,779,000 which are due for repayment within one year as at 30 June 2022. The Group's pledged bank deposits and cash at bank amounted to approximately HK\$2,016,000 and HK\$3,434,000 respectively as at 30 June 2022. All these indicate that the Group is currently under liquidity pressure and facing a material uncertainty in relation to going concern.

As disclosed in the announcement of the Company dated 28 March 2022, in view of the prevailing market conditions, in particular the recent volatility of the financial market since the announcement of the Rights Issue on 29 December 2021, the sentiment of the investors and the uncertainty of the global macroeconomic environment, on 28 March 2022, the underwriting agreement of the Rights Issue was terminated with immediate effect. For details, please refer to the aforesaid announcement.

Saved as disclosed, as at the Latest Practicable Date, the Directors confirm that there is no other material adverse changes in the financial or trading position of the Group since 31 December 2021 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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 circular, 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 document misleading.

## 2. DISCLOSURE OF INTEREST

### (i) Interests and/or short positions of Directors in the shares, underlying shares or debentures of the Company and its associated corporations

As at the Latest Practicable Date, the Directors have the following interests and/ or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV the SFO) which have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which are required pursuant to section 352 of the SFO to be entered in the register referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, are required to be notified to the Company and the Stock Exchange:

#### (a) Interests in the Company

Name of Director	Capacity	Number of shares	Percentage of interest in the Company
Mr. Lam Sam Ming ("Mr. Lam") (Notes 1 and 3)	Interest of controlled corporation	480,000,000	60%
Ms. Yao Yuan ("Ms. Yao") (Notes 2 and 3)	Interest of spouse	480,000,000	60%

*Notes:*

- These 480,000,000 shares are held by First Tech Inc. ("First Tech"), which is wholly and beneficially owned by Mr. Lam. As such, Mr. Lam is deemed to be interested in these 480,000,000 shares under the SFO.
- Ms. Yao is the spouse of Mr. Lam. Under the SFO, Ms. Yao is deemed to be interested in the same number of Shares in which Mr. Lam is interested.

3. The Company was notified by First Tech, a controlling shareholder (as defined under the GEM Listing Rules) of the Company, that on 12 October 2018, First Tech had executed a charge over its 72,000,000 shares (the “Charged Shares”) in the issued share capital of the Company in favour of Infinity (as defined below) as security for a loan granted by Infinity to First Tech. First Tech is wholly owned by Mr. Lam, the chairman and controlling shareholder of the Company. As at the Latest Practicable Date, the Charged Shares represent 9% of the issued share capital of the Company. For further details, please refer to the announcement of the Company dated 12 October 2018.

**(b) Interest in associated corporation of the Company**

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Capacity</b>	<b>Number of shares</b>	<b>Percentage of interest in the Company</b>
Mr. Lam	First Tech	Beneficial owner	50,000	100%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors have any interests and/or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which are required pursuant to section 352 of the SFO to be entered in the register referred to therein or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors are required to be notified to the Company and the Stock Exchange.

**(ii) Interests and/or short position of substantial shareholders in the shares of the Company which are discloseable under Divisions 2 and 3 of Part XV of the SFO**

So far as is known to the Directors, as at the Latest Practicable Date, the following persons (not being a Director or chief executive of the Company) have an interest or a short position in the shares or underlying shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or are interested in 10% or more of the total number of issued shares of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

<b>Name of substantial shareholder</b>	<b>Capacity</b>	<b>Number of shares</b>	<b>Percentage of interest in the Company</b>
First Tech	Beneficial owner	480,000,000	60%
Infinity Credits Co., Limited (“Infinity”) (Note)	Person having security interest in the shares	72,000,000 (L)	9%

*Note:*

Infinity is wholly owned by Infinity International Holding Limited which is in turn held by Zhao Zhisheng as to 50% and by Cheung Ting Kin as to 50%. Each of Infinity International Holding Limited, Zhao Zhisheng and Cheung Ting Kin is deemed to be interested in 9% of total issued shares of the Company under SFO.

Save as disclosed above, so far as is known to the Directors, as at the Latest Practicable Date, there are no other person (not being a Director or chief executive of the Company) who have an interest or a short position in the shares or underlying shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or are interested in 10% or more of the voting power at general meetings or any other members of the Group.

Save as disclosed in this circular, no Director or proposed Director is a director or employee of a company which has an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### 3. INTERESTS IN CONTRACT OR ARRANGEMENT

As at the Latest Practicable Date, (a) none of the Director had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up; and (b) none of the Directors was materially interested in contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group.

### 4. LITIGATION

Neither the Company nor any other member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any other member of the Group as at the Latest Practicable Date.

### 5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

### 6. MATERIAL CONTRACTS

The following contracts (not being contracts entered into under the ordinary course of business of the Group) have been entered into by the Company within the two years immediately preceding the Latest Practicable Date and are or may be material:

- (i) the termination agreement dated 28 December 2020 to the lease agreement (the “**Previous Lease Agreement**”) dated 26 May 2020 entered into between Prosperous (SZ), and Shenzhen Bai Ma Jin An Technology Company Limited (深圳白馬金鞍科技有限公司) as landlord (the “**Baima**”) in relation to the lease of new Shenzhen Warehouse with effect from 30 September 2020;

- (ii) the management service agreement dated 28 December 2020 entered into between the Prosperous (SZ) and Baima as service provider in relation to the management service for the new Shenzhen Warehouse. Under the management service agreement, the monthly management fee for the period commencing from 1 October 2020 to 31 December 2021 shall be RMB89,500. The monthly management service fee for the period commencing from 1 January 2022 to 31 March 2022 will be changed to RMB75,475;
- (iii) the Previous Warehouse Lease Agreement. Under the Previous Warehouse Lease Agreement, the monthly rental is RMB280,500 for the period commencing from 1 October 2020 to 31 December 2021, and RMB294,525 for the period commencing from 1 January 2022 to 30 March 2022;
- (iv) the sale and purchase agreement dated 25 January 2021 entered into between Super Noble Limited, a subsidiary of the Company as vendor, and MG Capital Asia Limited as purchaser, in relation to the sale of a car parking space (the “**Chai Wan Car Parking Space**”) at a consideration of HK\$1,000,000;
- (v) the sale and purchase agreement dated 25 January 2021 entered into between Tactful Hero Limited, a subsidiary of the Company as vendor, and MG Capital Asia Limited as purchaser, in relation to the sale of factory units in Chai Wan (the “**Chai Wan Factory Units**”) at a consideration of HK\$12,500,000;
- (vi) the tenancy agreement dated 16 April 2021 entered into between the Company and MG Capital Asia Limited in respect of the lease of Chai Wan Car Parking Space for a monthly rent of HK\$4,000;
- (vii) the tenancy agreements dated 16 April 2021 entered into between the Company and MG Capital Asia Limited in respect of the lease of the Chai Wan Factory Units for a monthly rent of HK\$51,000;
- (viii) the underwriting agreement dated 29 December 2021 entered into between the Company and the Sorrento Securities Limited in relation to the underwriting arrangement in respect of the Rights Issue;
- (ix) the New Factory Lease Agreement and the New Factory Lease Supplemental Agreement;  
and
- (x) the New Warehouse Lease Agreement and the New Warehouse Lease Supplemental Agreement.

**7. DIRECTORS' INTERESTS IN COMPETING BUSINESS**

Other than members of the Group, none of the Directors or their respective close associates (as defined in the GEM Listing Rules) has interest in any business which competes or is likely to compete, directly or indirectly, with the business of the Group.

**8. AUDIT COMMITTEE**

The audit committee was established on 15 November 2017 with its written terms of reference in compliance with the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules. The primary duties of the audit committee are to review and supervise our financial reporting process and internal control system, nominate and monitor external auditors and to provide advice and comments to the Board on matters related to corporate governance. The audit committee consists of three members, being Ms. Cheung Yin (Chairman), Mr. Wong Hei Chiu and Mr. Leung Vincent Gar-Gené. For detailed biography of the audit committee members, please refer to the 2021 annual report of the Company.

**9. GENERAL**

- (a) The registered office, head office and principal place of business in Hong Kong of the Company is at 3/F, Yip Cheung Centre, 10 Fung Yip Street, Chai Wan, Hong Kong.
- (b) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (c) The company secretary of the Company is Mr. Chen Kun, who is a practising solicitor in Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

**10. DOCUMENTS ON DISPLAY**

Pursuant to paragraph 42 of Appendix 1B to the GEM Listing Rules, the issuer shall set out in the listing document the details of a reasonable period of time (being not less than 14 days) during which the documents as required under the paragraph are published on the Stock Exchange's website and the issuer's own website.

Accordingly, copies of the following documents will be published on the websites of the Company ([www.prosperous-printing-group.com.hk/en/](http://www.prosperous-printing-group.com.hk/en/)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) during a period of 14 days from the date of this circular (both days inclusive):

- (a) the articles of association of the Company;
- (b) the material contracts referred to in the paragraph headed “Material contracts” in this appendix;
- (c) the annual report of the Company for the year ended 31 December 2020;
- (d) the annual report of the Company for the year ended 31 December 2021; and
- (e) the interim report of the Company for the six months ended 30 June 2022.