



Prosperous Printing Company Limited
萬里印刷有限公司

(Incorporated in Hong Kong with Limited Liability)

Stock Code: 8385

2022 **THIRD QUARTERLY REPORT**

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*This report, for which the directors (each, a “**Director**”) of Prosperous Printing Company Limited (the “**Company**”, together with its subsidiaries, collectively, the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (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 report 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 report misleading.*

This report will remain on the GEM website with the domain name of www.hkgem.com on the “Latest Company Announcement” page for at least 7 days from the date of publication and on the website of the Company at www.prosperous-printing-group.com.hk.



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Lam Sam Ming (*Chairman*)
Ms. Yao Yuan
Ms. Chan Sau Po

Independent non-executive Directors

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

AUDIT COMMITTEE

Ms. Cheung Yin (*Chairman*)
Mr. Wong Hei Chiu
Mr. Leung Vincent Gar-Gene

REMUNERATION COMMITTEE

Mr. Wong Hei Chiu (*Chairman*)
Ms. Cheung Yin
Mr. Lam Sam Ming

NOMINATION COMMITTEE

Mr. Lam Sam Ming (*Chairman*)
Mr. Wong Hei Chiu
Ms. Cheung Yin

RISK MANAGEMENT COMMITTEE

Mr. Lam Sam Ming (*Chairman*)
Ms. Chan Sau Po
Ms. Yao Yuan

COMPANY SECRETARY

Mr. Chen Kun (*Solicitor of HKSAR*)

AUTHORISED REPRESENTATIVES

Mr. Lam Sam Ming
Ms. Chan Sau Po

COMPLIANCE OFFICER

Ms. Chan Sau Po

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

SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank (Hong Kong) Limited

AUDITOR

CWK CPA Limited
21/F Cosco Tower
No. 183 Queen's Road Central
Hong Kong

COMPANY'S WEBSITE

www.prosperous-printing-group.com.hk

STOCK CODE

8385

The board of Directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated financial results of the Group for the three months and nine months ended 30 September 2022, (together with the comparative unaudited figures for the corresponding periods in 2021), as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2022
(Expressed in Hong Kong dollars) (“**HK\$**”)

	Note	Three months ended 30 September		Nine months ended 30 September	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue	4	46,431	80,795	154,665	219,408
Cost of sales		(29,188)	(57,978)	(113,628)	(175,217)
Gross profit		17,243	22,817	41,037	44,191
Other income		8,098	2,745	17,256	16,239
Distribution costs		(6,409)	(7,463)	(25,794)	(17,845)
Administration expenses		(12,509)	(13,489)	(44,096)	(41,164)
Profit/(loss) from operations		6,423	4,610	(11,597)	1,421
Finance costs		(1,907)	(1,606)	(4,800)	(4,718)
Profit/(loss) before taxation		4,516	3,004	(16,397)	(3,297)
Income tax credit/(expense)	5	21	(761)	(274)	(1,233)
Profit/(loss) for the period		4,537	2,243	(16,671)	(4,530)
Other comprehensive income/(expenses) for the period, net of tax					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations		(8,767)	3,343	(12,066)	3,345
Total comprehensive income/(loss) for the period		(4,230)	5,586	(28,737)	(1,185)
Earnings/(loss) per share:		HK Cents	HK Cents	HK Cents	HK Cents
Basic and diluted	6	0.57	0.28	(2.08)	(0.57)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2022
(Expressed in Hong Kong dollars)

	Share capital HK\$'000	Exchange reserve HK\$'000	Capital reserve HK\$'000	Retained profits HK\$'000	Total equity HK\$'000
Balance at 1 January 2021 (audited)	100,843	(3,936)	3,318	108,122	208,347
Change in equity for the nine months ended 30 September 2021:					
Loss for the period	—	—	—	(4,530)	(4,530)
Other comprehensive expense for the period	—	3,345	—	—	3,345
Balance at 30 September 2021 (unaudited)	100,843	(591)	3,318	103,592	207,162
Balance at 31 December 2021 and 1 January 2022 (audited)	100,843	1,088	3,318	25,036	130,285
Change in equity for the nine months ended 30 September 2022:					
Loss for the period	—	—	—	(16,671)	(16,671)
Other comprehensive expenses for the period	—	(12,066)	—	—	(12,066)
Balance at 30 September 2022 (unaudited)	100,843	(10,978)	3,318	8,365	101,548

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Prosperous Printing Company Limited (the “**Company**”) was incorporated in Hong Kong on 23 December 1992 with limited liability under the Hong Kong Companies Ordinance. The shares of the Company were listed on the GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 13 December 2017.

The address of the Company’s registered office is 3/F., Yip Cheung Centre, 10 Fung Yip Street, Chai Wan, Hong Kong.

The Company and its subsidiaries (together referred to as the “**Group**”) are principally engaged in the production and trading of books and paper products.

2. BASIS OF PREPARATION

This quarterly financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange. It was authorised for issue on 14 November 2022.

This quarterly financial report has been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

The preparation of this quarterly financial report requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This quarterly financial report included selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the financial performance of the Group since the 2021 annual financial statements. The quarterly financial results and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

The quarterly results are unaudited but have been reviewed by the audit committee of the Company.

The financial information relating to the financial year ended 31 December 2021 that is included in the quarterly financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Company's auditor has reported on those financial statements. A disclaimer of opinion was issued by the auditors; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this quarterly financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. REVENUE

Revenue represents the amounts received and receivable from sales of books and paper products and provision of sub-contracting services, which are recognised at a point in time.

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15 Disaggregated by major products or service lines				
Revenue arising from sales of books and paper products	46,405	76,575	154,432	210,656
Revenue arising from provision of sub-contracting services	26	4,220	233	8,752
	46,431	80,795	154,665	219,408

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. INCOME TAX

	Three months ended 30 September		Nine months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
INCOME TAX				
Current tax — Hong Kong Profits Tax	(20)	174	274	645
Current tax — People's Republic of China ("PRC") Enterprise Income Tax	(1)	587	—	588
	(21)	761	274	1,233

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operates.

The provision for the PRC Enterprise Income Tax of the subsidiary established in the PRC is calculated at 25% of the estimated taxable profits for the reporting period.

Pursuant to the rules and regulations of the British Virgin Islands, the Group is not subject to any income tax in the jurisdiction.

For the nine months ended 30 September 2022 and 2021, Hong Kong Profits Tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. Under the two-tiered profits tax rate regime, the first HK\$2 million of profits of a qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to ordinary equity shareholders of the Company of HK\$4,536,000 for the three months ended 30 September 2022 and loss of HK\$16,671,000 for the nine months ended 30 September 2022 respectively (for the three months and nine months ended 30 September 2021: profit of HK\$2,243,000 and loss of HK\$4,530,000) and the weighted average of 800,000,000 (30 September 2021: 800,000,000) ordinary shares of the Company in issue during the quarterly period.

(b) Diluted earnings/(loss) per share

There were no dilutive potential ordinary shares during the nine months ended 30 September 2022 and 2021, and therefore, diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share.

7. DIVIDEND

The Board does not recommend the payment of dividend for the nine months ended 30 September 2022 (for the nine months ended 30 September 2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is a provider 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 U.K.). The products comprise mainly books and other paper-related products. Paper and ink are the principal raw materials of the Group. The two production sites were the factory in Shenzhen, the PRC (the “**Shenzhen Factory**”) and the factory in Hong Kong.

Each of these factories is a self-functioning printing and production arm of the Group, and they share the printing workload allocated by the management. The Group’s revenue decreased by approximately 29.5% from approximately HK\$219.4 million for the nine months ended 30 September 2021, to approximately HK\$154.7 million for the nine months ended 30 September 2022 due to decrease in sales order affected by COVID-19 and overall global economy uncertainty. The Group recorded a loss of approximately HK\$16.7 million during the nine months ended 30 September 2022, as compared to a loss of approximately HK\$4.5 million during the nine months ended 30 September 2021, which was mainly due to increase in distribution costs. On the other hand, the Company recorded profits before tax of HK\$4.5 million for the three months ended 30 September 2022 which has improved as compared to profits before tax of HK\$3.0 million for the three months ended 30 September 2021.

On 28 March 2022, the Company and the Underwriter mutually agreed to terminate the Underwriting Agreement. For details, please refer to the announcement dated 28 March 2022.

On 26 April 2022, the Group entered into the Lease Financing General Agreement in respect of sale and leaseback of the Machinery. For details, please refer to the announcement dated 26 April 2022. During the reporting period, the Bank renewed the Facility. For details, please refer to the announcement dated 15 June 2022. Subsequent to the publication of 2021 annual report, the Company published supplemental announcement to detail, among others, the measures undertaken to address the auditors’ disclaimer of going concern as disclosed in the 2021 annual report. For details, please refer to the announcement dated 5 August 2022.

On 21 October 2022, the Group entered into the sale and purchase agreement in respect of Disposal of the Machinery. For details, please refer to the announcement dated 21 October 2022.

FUTURE PROSPECTS

Looking forward, there are certain risks that the Group will face in further development such as challenges from the uncertainty of economies by reason of, among others, COVID-19, the U.S.-China trade dispute, an increase in paper cost and technological advancements in publishing and new forms of information dissemination. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group generates revenue primarily from the provision of printing products to Hong Kong-based print brokers with customers in overseas markets and to international publishers mainly located in the U.S., U.K., Australia and Europe (excluding U.K.). The revenue decreased by approximately 29.5% from approximately HK\$219.4 million for the nine months ended 30 September 2021, to approximately HK\$154.7 million for the nine months ended 30 September 2022 due to decrease in sales order affected by COVID-19 and overall global economy uncertainty.

Cost of sales

The cost of sales primarily consists of raw materials and consumables, staff costs, sub-contracting fees, depreciation and water and electricity. The cost of sales decreased in line with the decrease in revenue.

Gross profit and gross profit margin

The gross profit was approximately HK\$41.0 million and HK\$44.2 million for the nine months ended 30 September 2022 and 2021 respectively. The gross profit margin was 26.5% and 20.1% respectively. The decrease in gross profit was primarily due to the decrease in the sales order due to COVID-19 and overall global economy uncertainty. The increase in gross profit margin was mainly due to the lower cost of sales and is a result of the implementation of stringent cost control measures by the Company.

Other income

Other income mainly consists of the foreign exchange gain/loss, the profit arising from sales of paper and scrap materials, rental income and income received from government subsidies. The increase was due to the increase in exchange gain recorded during the nine months ended 30 September 2022.

Administrative expenses

Administrative expenses primarily consist of staff costs and benefits, directors' emoluments and depreciation. The administrative expenses increased from approximately HK\$41.2 million during the nine months ended 30 September 2021 to HK\$44.1 million during the nine months ended 30 September 2022 mainly due to increase in staff and office expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance costs

The Group recorded finance costs of approximately HK\$4.7 million during the nine months ended 30 September 2021 and HK\$4.8 million during the nine months ended 30 September 2022. The finance costs remained relatively stable.

Income tax

Income tax represents income tax paid or payable by the Group, at the applicable tax rates in accordance with the relevant laws and regulations in each tax jurisdiction the Group operates or domiciles. The Group had no tax payable in other jurisdiction other than Hong Kong and the PRC during the nine months ended 30 September 2021 and 2022. The operations in Hong Kong are subject to the two-tiered profits tax rate regime, which the first HK\$2 million of profits of qualifying entity will be taxed at 8.25% and profits above HK\$2 million will be taxed at 16.5%. The operations in the PRC are subject to an enterprise income tax rate of 25.0%. The Group recorded income tax of approximately HK\$0.3 million during the nine months ended 30 September 2022 (for the nine months ended 30 September 2021: HK\$1.2 million).

Loss for the period

As a result of the foregoing, the nine months ended 30 September 2022 recorded loss of approximately HK\$16.7 million as compared to loss of approximately HK\$4.5 million during the nine months ended 30 September 2021, which was mainly due to increase in distribution costs and exchange loss on translation.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

TANDEM (HK) CPA Limited resigned as auditor of the Group with effect from 31 October 2022, while CWK CPA Limited has been appointed as the new auditor of the Group with effect from 31 October 2022. For details, please refer to the announcement dated 31 October 2022.

Save as disclosed above, there is no significant event of the Company after the reporting period.

DIVIDEND

The Board does not recommend the payment of any dividend for the nine months ended 30 September 2022 (for the nine months ended 30 September 2021: Nil).

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICE

The Board is responsible for performing the corporate governance duties in the Corporate Governance Code (the “CG Code”) as set out in Appendix 15 to the GEM Listing Rules, which includes developing and reviewing the Company’s policies and practices on corporate governance, training and continuous professional development of Directors, and reviewing the Company’s compliance with the code provision in the CG Code and disclosures in this report.

The Company has complied with the principles and applicable code provisions of the CG Code for the nine months ended 30 September 2022, except the deviation from CG Code provision C.2.1 as set out below.

Chairman and Chief Executive Officer

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

Mr. Lam Sam Ming (“Mr. Lam”) is the chairman and the chief executive officer of the Company. Mr. Lam has over 38 years of experience in the printing industry. Mr. Lam established the Group through L & L Limited in December 1992. Since then he has been in charge of the overall business strategies and operation of the Group. The Directors are of the view that it would be in the Group’s best interest for Mr. Lam to continue performing the two roles in terms of effective management and business development. The Directors further believe that the balance of power and authority is adequately ensured by the operations of the Board, which comprises experienced and high-caliber individuals, with three of them being independent non-executive Directors.

Based on the above factors, the Board considers that the deviation from the code provision C.2.1 of the CG Code is appropriate.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the Shares (the “Code of Conduct”). Having made specific enquiries to all Directors, each of them has confirmed that he/she has fully complied with the required standard of dealings set out in the Code of Conduct during the nine months ended 30 September 2022.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “Scheme”), the principal terms of which are summarised in the sub-section headed “Appendix V — Statutory and General Information — D. Share Option Scheme” in the Prospectus.

No share option has been granted or exercised under the Scheme during the nine months ended 30 September 2022. No share option was outstanding as at 30 September 2022.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF THE SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Shares for the nine months ended 30 September 2022.

DISCLOSURE OF INTERESTS

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

As at 30 September 2022, the Directors had 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 Securities and Future Ordinance (Chapter 571 of the laws of Hong Kong) (the “SFO”) which had 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 will be 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, will be required to be notified to the Company and the Stock Exchange:

(i) Interests in the Company

Name of Director	Capacity	Number of Shares (Note 1)	Percentage of interest in the Company
Mr. Lam (Notes 2 & 4)	Interest of controlled corporation	480,000,000 (L)	60.00%
Ms. Yao (Notes 3 & 4)	Interest of spouse	480,000,000 (L)	60.00%

Notes:

1. The letter “L” denotes the person’s long positions in the Shares.
2. 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.
3. 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.
4. The Company was notified by First Tech Inc. (“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 a third party (“Lender”) as security for a loan granted by the Lender to First Tech. First Tech is wholly owned by Mr. Lam Sam Ming, the chairman and controlling shareholder of the Company. As at 30 September 2022, 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.

OTHER INFORMATION

(ii) Interests in associated corporation of the Company

Name of Director	Name of associated corporation	Capacity	Number of shares held	Percentage of shareholding interest
Mr. Lam	First Tech	Beneficial owner	50,000	100.00%

Save as disclosed above, as at 30 September 2022, none of the Directors had 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 had 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 will be 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.

(b) Interests and/or short position of substantial shareholders in the Shares which are discloseable under Divisions 2 and 3 of Part XV of the SFO

So far as is known to the Directors, as at 30 September 2022, the following persons (not being a Director or chief executive of the Company) had an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be 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:

Name of substantial shareholder	Capacity	Number of Shares (Note 1)	Percentage of interest in the Company
First Tech (Notes 2 & 3)	Beneficial owner	480,000,000 (L)	60%
Infinity Credits Co., Limited ("Infinity") (Note 4)	Person having security interest in the shares	72,000,000 (L)	9%

Notes:

- The letter "L" denotes the person's long positions in the Shares.
- First Tech is a company incorporated in the BVI which is wholly and beneficially owned by Mr. Lam, an executive Director.
- 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 Charged Shares in the issued share capital of the Company in favour of the Lender as security for a loan granted by the Lender to First Tech. First Tech is wholly owned by Mr. Lam Sam Ming, the chairman and controlling shareholder of the Company. As at 30 September 2022, 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.

OTHER INFORMATION

4. 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% issued share capital of the Company held by Infinity under SFO.

Save as disclosed above, so far as is known to the Directors, as at 30 September 2022, there are no other person (not being a Director or chief executive of the Company) who had an interest or a short position in the Shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be interested in 10% or more of the voting power at general meetings or any other members of the Group.

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.

AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) on 15 November 2017 with its written terms of reference in compliance with the GEM Listing Rules. The Audit Committee has reviewed the unaudited consolidated financial results of the Group for the three months and the nine months ended 30 September 2022. The Audit Committee is of the opinion that such financial results comply with the applicable accounting standards, the GEM Listing Rules and that adequate disclosures have been made.

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

Hong Kong, 14 November 2022

As at the date of this report, the executive Directors are Mr. Lam Sam Ming, Ms. Chan Sau Po and Ms. Yao Yuan; and the independent non-executive Directors are Ms. Cheung Yin, Mr. Wong Hei Chiu and Mr. Leung Vincent Gar-Gene.