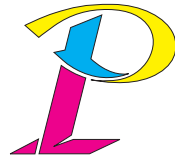


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Prosperous Printing Company Limited

萬里印刷有限公司

(incorporated in Hong Kong with limited liability)

(Stock code: 8385)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



德林證券

DL SECURITIES

DL Securities (Hong Kong) Limited

PLACING OF NEW SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on 4 July 2023 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent conditionally agreed to place as the Company's placing agent on a best effort basis the Placing Shares up to 110,050,000 new Shares to not less than six Placees at the Placing Price of HK\$0.11 per Placing Share. The Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the AGM.

The Placing Shares represent (i) approximately 13.76% of the existing total number of issued Shares as at the date of this announcement; and (ii) approximately 12.09% of the total number of issued Shares as enlarged by the allotment and issue of the Placing Shares in full, assuming there will be no change in the issued share capital of the Company between the date of this announcement and the Closing Date.

Assuming that all the Placing Shares are successfully placed by the Placing Agent, the maximum gross proceeds from the Placing are estimated to be approximately HK\$12.11 million, and the maximum net proceeds, after deducting the placing commission, professional fees and all related expenses which may be borne by the Company, from the Placing estimated to be approximately HK\$11.61 million.

The maximum net proceeds from the Placing of approximately HK\$11.61 million are intended to be used for the purposes of replenishing the working capital of the Group.

Completion of the Placing is subject to the satisfaction of the conditions precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

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THE PLACING AGREEMENT

The principal terms and conditions of the Placing Agreement are as follows:

Date

4 July 2023 (after trading hours)

Parties

Issuer: The Company

Placing Agent: DL Securities (HK) Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Placing Commission

The Placing Agent will charge the Company a placing commission of 2% of the amount equal to the Placing Price multiplied by the number of Placing Shares actually placed. The placing commission was negotiated on an arm's length basis between the Company and the Placing Agent, and determined with reference to, amongst other things, the market rate and the price performance of the Shares.

Placees

Pursuant to the Placing Agreement, the Placing Agent will procure the Placing Shares to be placed to not less than six Placees, who/which will be professional, institutional, corporate and/or individual investors selected and procured by or on behalf of the Placing Agent on a best effort basis.

The Placing Agent will, to the extent practicable and lawful, use its reasonable endeavours to ensure that the Placees (if applicable, together with their respective ultimate beneficial owners) will be (i) Independent Third Parties; and (ii) independent from, not connected or associated with, and not acting in concert with one another or any of the Directors, chief executive or substantial Shareholders of the Company and any of its subsidiaries and their respective associates. The Placing Agent shall also use its best endeavours to ensure that no Placee shall become a substantial Shareholder of the Company as a result of the Placing (taking into account other securities held by such Placee(s) at the time of his/her/its subscription of the Placing Shares).

Number of Placing Shares

The Company has conditionally agreed to place, through the Placing Agent on a best effort basis, up to 110,050,000 new Shares, representing (i) approximately 13.76% of the existing total number of issued Shares as at the date of this announcement; and (ii) approximately 12.09% of the total number of issued Shares as enlarged by the allotment and issue of the Placing Shares in full, assuming there will be no change in the issued share capital of the Company between the date of this announcement and the Closing Date. In accordance with section 135 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Shares have no par or nominal value with effect from 3 March 2014.

Placing Price

The Placing Price of HK\$0.11 represents:

- (i) a premium of approximately 22.22% over the closing price of HK\$0.09 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a premium of approximately 22.22% over the average closing price of HK\$0.09 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market price and the recent trading volume of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent.

The net issue price per Placing Share (after deduction of the placing commission, professional fees and all related expenses) is approximately HK\$0.106, assuming that the Placing is completed in full.

Ranking of the Placing Shares

The Placing Shares, when allotted and issued, will rank *pari passu* in all respects with the other existing Shares in issue on the date of allotment and issue of the Placing Shares.

Conditions of the Placing

Completion of the Placing is conditional upon the satisfaction or waiver (where permissible) of the following conditions:

- (a) the GEM Listing Committee having granted the listing of and permission to deal in the Placing Shares (and such listing and permission not subsequently revoked);
- (b) all necessary consents and approvals having been obtained by the Company and the Placing Agent to effect the execution, completion and performance of the obligations and other terms of Placing Agreement;
- (c) the warranties of the Company and the Placing Agent under the Placing Agreement being true and correct in all material respects as of the Closing Date as though made on and as of such date except to the extent that any such representation and warranty expressly speaks as of an earlier date, in which case such representation and warranty shall be true and correct as of such earlier date; and
- (d) each of the parties to the Placing Agreement shall have performed or complied in all material respects with all agreements and covenants required by Placing Agreement to be performed or complied with by it on or prior to the Closing Date. The Conditions set out in (a) & (b) cannot be waived by the Company or the Placing Agent. Each of the Company and the Placing Agent shall use their respective best endeavours to procure the satisfaction of the Conditions.

Completion of the Placing

Completion of the Placing shall take place on the third (3rd) Business Day following satisfaction or waiver (where permissible) of all the Conditions or such other time or date as the Company and the Placing Agent shall agree in writing on which Completion shall take place.

Termination of the Placing Agreement

During the period from the date of the Placing Agreement to the Closing Date:

- (a) if any of the Conditions shall not have been satisfied to the satisfaction of or waived by the Placing Agent and the Company by the Long Stop Date, the Placing Agreement and the respective obligations of the parties hereunder shall cease and terminate immediately at that time (without any further action of any party required); or

- (b) the Placing Agreement may be terminated by the mutual agreement of the parties thereof; or
- (c) if there develops, occurs or comes into force any of the following during the period from the date of the Placing Agreement to 8:00 a.m. on the Closing Date:
 - (i) any new law or regulation or any change in existing laws or regulations which in the reasonable opinion of the Placing Agent has or may be or is likely to have a material adverse effect on the financial position of the Company or any of its subsidiaries as a whole;
 - (ii) any event or circumstances in the nature of force majeure (including, without limitation, acts of government, strikes, labour disputes, lock-outs, fire, explosion, flooding, civil commotion, economic sanctions, epidemic, terrorism, acts of war and acts of God), in each case involving or affecting Hong Kong or any jurisdiction relevant to any member of the Group;
 - (iii) a general moratorium on commercial banking activities declared by relevant authorities in Hong Kong or any jurisdiction relevant to any member of the Group or a material disruption in commercial banking or foreign exchange trading or securities settlement or clearance services in any of Hong Kong or any jurisdiction relevant to any member of the Group;
 - (iv) any prohibition on the Company for whatever reason from offering, allotting or issuing any of the Placing Shares pursuant to the terms of the Placing Agreement;
 - (v) any order or petition for the winding up of any member of the Group or any composition or arrangement being made by any member of the Group with its creditors or any scheme of arrangement being entered into by any member of the Group or any resolution for the winding up of any member of the Group being entered into by any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group;
 - (vi) any material adverse change (whether or not permanent) in local, national or international financial, political, economic conditions, financial, banking, capital markets, currency exchange rates, credit default swap prices, secondary bond prices, exchange controls, or the occurrence of any event or series of events outside of the Placing Agent's or the Company's control;
 - (vii) any material adverse change in or affecting any taxation, exchange controls, currency exchange rates or foreign exchange regulations or the implementation of any exchange control in Hong Kong or any jurisdiction relevant to any member of the Group; or
 - (viii) any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances or other similar reasons,

which, in the reasonable opinion of the Placing Agent, is (i) likely to or does prejudice materially (A) the success of the offering and distribution of the Placing Shares or (B) dealings in the Placing Shares in the secondary market, or (ii) make it (A) impractical or (B) inadvisable, to market the Placing Shares, then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving reasonable notice in writing to the Company, and the Company shall not be liable to pay any commission pursuant to the Placing Agreement.

General Mandate to allot and issue the Placing Shares

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the AGM pursuant to which up to 160,000,000 Shares were allowed to be issued and allotted.

As at the date of this announcement, no Shares have been issued under the General Mandate. Therefore, the General Mandate is sufficient for the issue and allotment of the Placing Shares and the allotment and issue of the Placing Shares is not subject to Shareholders' approval.

Application for Listing

The Company will apply to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS

The Group is a provider of printing products to Hong Kong-based print brokers with customers in overseas markets and to international publishers. The products comprise mainly books and other paper-related products. Assuming that all the Placing Shares are fully placed, the maximum gross proceeds from the Placing are estimated to be approximately HK\$12.11 million, and the maximum net proceeds, after deducting the placing commission, professional fees and all related expenses which may be borne by the Company, from the Placing are estimated to be approximately HK\$11.61 million.

The maximum net proceeds from the Placing of approximately HK\$11.61 million are intended to be used for replenishing the working capital of the Group to support its business operations.

The Board is of the view that the Placing will strengthen the financial position of the Company and represents a good opportunity to broaden the Shareholders' base and capital base of the Company.

Having considered above, the Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement and the transactions contemplated thereunder (including the Placing, the Placing Price and the Placing commission payable to the Placing Agent) are fair and reasonable, and are in the interests of the Group and the Shareholders as a whole.

FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST TWELVE MONTHS

The Company has not conducted any other fund raising activities involving the issue of its equity securities in the 12 months immediately preceding the date of this announcement.

CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement, and (ii) immediately after the Completion, assuming that all of the Placing Shares are placed in full and no further Shares have been issued or repurchased before the Completion and there will be no change in the issued share capital of the Company between the date of this announcement and the Closing Date:

	As at the date of this announcement		Immediately after the Completion (assuming that all of the Placing Shares are placed in full and there will be no change in the issued share capital of the Company between the date of this announcement and the Closing Date)	
	<i>Number of Shares</i>	<i>Approximate % (Note 2)</i>	<i>Number of Shares</i>	<i>Approximate % (Note 2)</i>
Substantial Shareholder				
Mr. Lam Sam Ming (<i>Note 1</i>)	480,000,000	60	480,000,000	52.74
Public				
Places	—	—	110,050,000	12.09
Other public Shareholders	<u>320,000,000</u>	<u>40</u>	<u>320,000,000</u>	<u>35.16</u>
	<u>800,000,000</u>	<u>100.00</u>	<u>910,050,000</u>	<u>100.00</u>

Notes:

1. Mr. Lam Sam Ming is beneficially interested in the entire issued share capital of First Tech Inc. By virtue of the SFO, he is deemed to be interested in the 480,000,000 Shares beneficially owned by First Tech Inc.
2. The percentages are subject to rounding difference, if any.

Completion of the Placing is subject to the satisfaction of the conditions precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“acting in concert”	has the meaning ascribed thereto in the Codes on Takeovers and Mergers and Share Buybacks issued by the Securities and Futures Commission
“AGM”	the annual general meeting of the Company held on 19 May 2023
“associates”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (other than a Saturday, a Sunday or a public holiday or a day on which a tropical cyclone warning No.8 or above or a “black rainstorm” warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which commercial banks are open for general banking business in Hong Kong
“Closing Date”	the date of Completion
“Company”	Prosperous Printing Group Limited, a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed on GEM of the Stock Exchange
“Completion”	the completion of the Placing pursuant to the Placing Agreement, which shall take place on the Closing Date
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“GEM Listing Committee”	has the meaning ascribed to it under the GEM Listing Rules
“General Mandate”	the general mandate granted to the Directors to allot, issue and deal in not more than 160,000,000 new Shares by the Shareholders at the AGM

“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Independent Third Party(ies)”	independent third parties who are not connected person(s) of the Company and are independent of and not connected with the Company or Directors, chief executive, or substantial Shareholders of the Company or any of its subsidiaries or their respective associates
“Long Stop Date”	31 August 2023 or such later date as may be agreed between the Company and the Placing Agent
“Placee(s)”	any professional, institutional and other investors selected and procured by or on behalf of the Placing Agent to subscribe any of the Placing Shares on the terms and subject to the conditions set out in the Placing Agreement
“Placing”	the placing, on a best effort basis, of a total of up to 110,050,000 new Shares to be allotted and issued under the General Mandate pursuant to the terms of the Placing Agreement
“Placing Agent”	DL Securities (HK) Limited, a licensed corporation to carry out business in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of HongKong)
“Placing Agreement”	the conditional placing agreement dated 4 July 2023 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.11 per Placing Share
“Placing Share(s)”	means up to 110,050,000 new Shares to be placed under the Placing
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiary(ies)” has the meaning ascribed to it in the GEM Listing Rules

“substantial Shareholder(s)” has the meaning ascribed to it in the GEM Listing Rules

“%” per cent.

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

Hong Kong, 4 July 2023

As at the date of this announcement, 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.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on 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.

This announcement will remain on the “Latest Listed Company Information” page of the Stock Exchange’s website at www.hkexnews.hk for at least 7 days from the date of its publication and on the Company’s website at www.prosperous-printing-group.com.hk.