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UNIVERSE PRINTSHOP HOLDINGS LIMITED

環球印館控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8448)

(1) DISCLOSEABLE TRANSACTIONS IN RELATION TO LEASES OF PREMISES AND (2) BUSINESS UPDATE ON FORMATION OF JOINT VENTURE COMPANY AND THE PRODUCTION AGREEMENT

DISCLOSEABLE TRANSACTIONS IN RELATION TO LEASES OF PREMISES

The Board is pleased to announce that on 28 August 2023 (after trading hours), (i) UPHL (as lessee), an indirect wholly-owned subsidiary of the Company and Elegance Printing (as lessor) entered into the First Lease Agreement pursuant to which UPHL has agreed to lease the First Premises; and (ii) UPHL (as lessee) and Hoi Bun (as lessor) entered into the Second Lease Agreement pursuant to which UPHL has agreed to lease the Second Premises, for a term of 26 months from 1 September 2023 to 31 October 2025 (both days inclusive).

BUSINESS UPDATE ON FORMATION OF JOINT VENTURE COMPANY AND THE PRODUCTION AGREEMENT

The Board is pleased to announce that UPHL and Mr. Ngai have established Elegance Technology in August 2023. As at the date of this announcement, Elegance Technology is owned as to 91% by UPHL and 9% by Elegance Holdings (a company wholly owned by Mr. Ngai). On 28 August 2023 (after trading hours), (i) UPHL, Elegance Holdings and Elegance Technology entered into the Shareholders' Agreement which sets out the rights and obligations of UPHL and Elegance Holdings, as shareholders of Elegance Technology, and the arrangements between them and Elegance Technology with respect to the ownership, management and operations of Elegance Technology; and (ii) Elegance Technology and Elegance Printing entered into the Production Agreement pursuant to which Elegance Technology has agreed to provide printing and production services to Elegance Printing for a term of 26 months from the date of the Production Agreement.

GEM LISTING RULES IMPLICATIONS

Pursuant to HKFRS 16, the entering into of the Lease Agreements will require the Group to recognise right-of-use assets. It is expected that the total value of right-of-use assets to be recognised by the Group would be approximately HK\$4.5 million under the Lease Agreements calculated based on a discount rate of approximately 6.3% per annum which is equivalent to the incremental borrowing rate offered by a bank to the Group in relation to recent lease of asset.

As the highest applicable percentage ratio in respect of the Leases, on aggregate basis, exceeds 5% but is less than 25%, the Leases constitute discloseable transactions for the Company and are subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

As all the applicable percentage ratios in respect of the formation of Elegance Technology are less than 5%, the formation of Elegance Technology does not constitute a notifiable transaction for the Company under Chapter 19 of the GEM Listing Rules.

DISCLOSEABLE TRANSACTIONS IN RELATION TO LEASES OF PREMISES

The Board is pleased to announce that on 28 August 2023 (after trading hours), (i) UPHL (as lessee), an indirect wholly-owned subsidiary of the Company and Elegance Printing (as lessor) entered into the First Lease Agreement pursuant to which UPHL has agreed to lease the First Premises; and (ii) UPHL (as lessee) and Hoi Bun (as lessor) entered into the Second Lease Agreement pursuant to which UPHL has agreed to lease the Second Premises. The principal terms of the Lease Agreements are set out below:

Date : 28 August 2023 (after trading hours)

Parties : First Lease Agreement

- (i) UPHL (as lessee); and
- (ii) Elegance Printing (as lessor)

Second Lease Agreement

- (i) UPHL (as lessee); and
- (ii) Hoi Bun (as lessor)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Elegance Printing, Hoi Bun and their respective ultimate beneficial owners (including Mr. Ngai) is an Independent Third Party

- Premises : The First Premises under the First Lease Agreement
- (i) Block A on 3rd floor, Hoi Bun Industrial Building, No. 6 Wing Yip Street, Kowloon, Hong Kong;
 - (ii) Block B1 on 4th floor, Hoi Bun Industrial Building, No. 6 Wing Yip Street, Kowloon, Hong Kong;
 - (iii) Block C1 on 4th floor, Hoi Bun Industrial Building, No. 6 Wing Yip Street, Kowloon, Hong Kong;
 - (iv) Block C2 on 4th floor, Hoi Bun Industrial Building, No. 6 Wing Yip Street, Kowloon, Hong Kong;
 - (v) Block D1 on 4th floor, Hoi Bun Industrial Building, No. 6 Wing Yip Street, Kowloon, Hong Kong;
 - (vi) Block No. A (excluding flat roof appurtenant thereto) on 5th floor, Hoi Bun Industrial Building, No. 6 Wing Yip Street, Kowloon, Hong Kong;
 - (vii) Car park No. C1 on 1st floor, Hoi Bun Industrial Building, No. 6 Wing Yip Street, Kowloon, Hong Kong; and
 - (viii) Car park No. C16 on 1st floor, Hoi Bun Industrial Building, No. 6 Wing Yip Street, Kowloon, Hong Kong
- The Second Premises under the Second Lease Agreement
- (i) Block A on 4th floor, Hoi Bun Industrial Building, No. 6 Wing Yip Street, Kowloon, Hong Kong
- Gross floor area : (i) Approximately 21,102 square feet (excluding car parking spaces) for the First Premises
- (ii) Approximately 2,693 square feet for the Second Premises

- Term : 26 months from 1 September 2023 to 31 October 2025 (both days inclusive)
- Rent and payment terms : UPHL shall pay monthly rents of (i) HK\$175,416 to Elegance Printing under the First Lease Agreement; and (ii) HK\$21,544 to Hoi Bun under the Second Lease Agreement, on the first day of each month after the rent free period during the term of the Leases (inclusive of rates, government rent (if applicable) and property management fees)
- Rent free period : Two months from 1 September 2023 to 31 October 2023 (both days inclusive)
- Deposits : UPHL shall pay deposits in the amount of (i) HK\$350,832 to Elegance Printing under the First Lease Agreement; and (ii) HK\$43,088 to Hoi Bun under the Second Lease Agreement, equivalent to two months' rent under the respective Lease Agreements, upon entering into the Lease Agreements as guarantee of the due performance and observance by UPHL of its obligations throughout the term of the Lease Agreements
- Conditions precedent : The Leases shall be conditional upon the fulfilment of the following conditions:
- (i) the entering into of the Shareholders' Agreement by UPHL, Elegance Holdings and Elegance Technology;
 - (ii) the entering into of the Production Agreement by Elegance Technology and Elegance Printing;
 - (iii) the warranties given by Elegance Printing and Hoi Bun under the respective Lease Agreements remain true, accurate and complete and not misleading and compliant in all material respect and no events or circumstances causing any material adverse change during the term of the Lease Agreements; and
 - (iv) UPHL has obtained necessary approvals pursuant to its articles of association and the Company's compliance with the requirements under the GEM Listing Rules

The total rent under the Lease Agreements is approximately HK\$4.7 million and the terms of the Lease Agreements (including the rent payable) were determined after arm's length negotiations between UPHL and each of Elegance Printing and Hoi Bun respectively after considering the prevailing market rentals for comparable properties in the vicinity of the Premises. The rents and deposit under the Lease Agreements will be funded by internal resources of the Group.

Reasons for and benefits of the Leases

As disclosed in the first quarterly report of the Company for the three months ended 30 June 2023, the Company has made significant investments in eco-friendly technologies by acquiring two state-of-the-art Jetpress machines. These machines will enhance the Group's capabilities by providing solutions and flexibility for adjusting printing contents and volume to reduce unit fixed costs while reducing the Group's carbon footprint. The Company intends to streamline its production process by consolidating certain existing production facilities and the aforesaid new printing machines in order to enhance production efficiency. Together with the expected additional orders to be undertaken by Elegance Technology particularly those that may be placed pursuant to the Production Agreement (details of which are set out below in this announcement), the Company will require extra spaces for business operation and the proximity of the Premises to the principal place of business of the Company in Kwun Tong would be advantageous to the Group in enhancing operational efficiency.

The Board (including the independent non-executive Directors) considers that the Leases have been entered into in the ordinary and usual course of business of the Group and the terms of the Lease Agreements are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

BUSINESS UPDATE ON FORMATION OF JOINT VENTURE COMPANY AND THE PRODUCTION AGREEMENT

Formation of Joint Venture Company and Shareholders' Agreement

The Board is pleased to announce that UPHL and Mr. Ngai have established Elegance Technology in August 2023. As at the date of this announcement, Elegance Technology is owned as to 91% by UPHL and 9% by Elegance Holdings (a company wholly owned by Mr. Ngai). On 28 August 2023 (after trading hours), UPHL, Elegance Holdings and Elegance Technology entered into the Shareholders' Agreement which sets out the rights and obligations of UPHL and Elegance Holdings, as shareholders of Elegance Technology, and the arrangements between them and Elegance Technology with respect to the ownership, management and operations of Elegance Technology. The following sets out certain principal terms of the Shareholders' Agreement:

- (i) the initial paid-up share capital of Elegance Technology shall be HK\$100,000 divided into 100,000 ordinary shares of which HK\$91,000 shall be contributed by UPHL and HK\$9,000 shall be contributed by Mr. Ngai (who has subsequently transferred to Elegance Holdings);

- (ii) members of the board of directors of Elegance Technology (including the chairman) shall be nominated by UPHL;
- (iii) no Shareholder may sell, transfer, mortgage, encumber, grant relevant warrants or dispose in other ways of any shares or beneficial interests in any shares of Elegance Technology held by it after the date of the Shareholders' Agreement without the prior written consent of all other shareholder(s) of Elegance Technology; and
- (iv) any shareholder of Elegance Technology has the right at any time to make an offer to other shareholder(s) of Elegance Technology to purchase its entire share capital in Elegance Technology at any price.

The Production Agreement

On 28 August 2023 (after trading hours), Elegance Technology and Elegance Printing entered into the Production Agreement pursuant to which (i) Elegance Technology has agreed to provide printing and production services to Elegance Printing for a term of 26 months from the date of the Production Agreement; (ii) Elegance Technology has agreed to make a refundable security deposit of HK\$5 million with Elegance Printing to cover loss of any potential damage of products; and (iii) Elegance Printing has guaranteed to enter into definitive production contract(s) in the aggregate amount of not less than HK\$35 million with Elegance Technology during the term of the Production Agreement.

INFORMATION ON THE PARTIES

The Company, UPHL and Elegance Technology

The Company is an investment holding company. The Group is principally engaged in providing printing services to customers in Hong Kong. The printing services of the Group included offset printing, ink-jet printing and digital printing.

UPHL is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company. The principal business activities of UPHL are provision of general printing services and trading of printing products in Hong Kong.

Elegance Technology is a company incorporated in Hong Kong with limited liability and owned as to 91% by UPHL and as to 9% by Elegance Holdings as at the date of this announcement. It is intended that Elegance Technology will be principally engaged in provision of printing services.

Mr. Ngai, Elegance Holdings, Elegance Printing and Hoi Bun

Mr. Ngai has extensive experiences in printing services in Hong Kong and is the founder and director of Elegance Printing, a company principally engaged in provision of printing services.

Elegance Holdings is a company incorporated in Hong Kong with limited liability and wholly owned by Mr. Ngai. The principal business of Elegance Holdings is investment holding.

Elegance Printing is a company incorporated in Hong Kong with limited liability and owned as to 75% by Mr. Ngai and as to 25% by Ms. Ng Pui Ling, spouse of Mr. Ngai.

Hoi Bun is a company incorporated in Hong Kong with limited liability and owned as to 50% by Mr. Ngai and as to 50% by Ms. Ng Pui Ling. The principal business of Hoi Bun is property holding.

As at the date of this announcement, Elegance Printing owns the First Premises and Hoi Bun owns the Second Premises.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Mr. Ngai, Elegance Holdings, Elegance Printing, Hoi Bun and their respective ultimate beneficial owners is an Independent Third Party.

GEM LISTING RULES IMPLICATIONS

Pursuant to HKFRS 16, the entering into of the Lease Agreements will require the Group to recognise right-of-use assets. It is expected that the total value of right-of-use assets to be recognised by the Group would be approximately HK\$4.5 million under the Lease Agreements calculated based on a discount rate of approximately 6.3% per annum which is equivalent to the incremental borrowing rate offered by a bank to the Group in relation to recent lease of asset.

As the highest applicable percentage ratio in respect of the Leases, on aggregate basis, exceeds 5% but is less than 25%, the Leases constitute discloseable transactions for the Company and are subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

As all the applicable percentage ratios in respect of the formation of Elegance Technology are less than 5%, the formation of Elegance Technology does not constitute a notifiable transaction for the Company under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Universe Printshop Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM of the Stock Exchange (stock code: 8448)
“Director(s)”	the director(s) of the Company
“Elegance Holdings”	Elegance Printing & Book Binding (Holdings) Limited, a company incorporated in Hong Kong with limited liability
“Elegance Printing”	Elegance Printing & Book Binding Co. Limited, a company incorporated in Hong Kong with limited liability
“Elegance Technology”	Elegance Technology Printing Limited, an indirect non wholly-owned subsidiary of the Company which is owned as to 91% by UPHL and 9% by Elegance Holdings
“First Lease Agreement”	the agreement dated 28 August 2023 entered into between UPHL (as lessee) and Elegance Printing (as lessor) in relation to the lease of the First Premises
“First Premises”	the premises subject to lease under the First Lease Agreement (details of which are set out in this announcement)
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

“Hoi Bun”	Hoi Bun Printing Limited, a company incorporated in Hong Kong with limited liability
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) who/which, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, is/are third party(ies) independent of the Company and its connected persons (as defined in the GEM Listing Rules)
“Leases”	the leases of the Premises pursuant to the Lease Agreements
“Lease Agreements”	the First Lease Agreement and the Second Lease Agreement
“Mr. Ngai”	Mr. Ngai Kam Seung
“percentage ratio(s)”	has the meaning ascribed to this term under the GEM Listing Rules
“Premises”	the First Premises and the Second Premises
“Production Agreement”	the agreement dated 28 August 2023 entered into between Elegance Technology and Elegance Printing in relation to the provision of printing and production services by Elegance Technology
“Second Lease Agreement”	the agreement dated 28 August 2023 entered into between UPHL (as lessee) and Hoi Bun (as lessor) in relation to the lease of the Second Premises
“Second Premises”	the premises subject to lease under the Second Lease Agreement (details of which are set out in this announcement)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Shareholders’ Agreement”	the agreement dated 28 August 2023 entered into among UPHL, Elegance Holdings and Elegance Technology
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“UPHL”	Universe Printing Holdings Limited, an indirect wholly-owned subsidiary of the Company
“%”	per cent.

By order of the Board
UNIVERSE PRINTSHOP HOLDINGS LIMITED
Lam Shing Tai
Chairman and Executive Director

Hong Kong, 28 August 2023

As at the date of this announcement, the executive Directors are Mr. Lam Shing Tai, Ms. Li Shuang, Mr. Kao Jung and Mr. Yip Chi Man and the independent non-executive Directors are Mr. Wong Chun Kwok, Mr. Ho Kar Ming and Ms. So Shuk Wan.

This announcement, 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 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 website of the Stock Exchange at www.hkexnews.hk on the “Latest Listed Company Information” page for at least 7 days from the date of its posting. This announcement will also be published and remains on the website of the Company at www.uprintshop.hk.