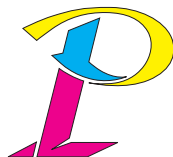


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Prosperous Printing Company Limited

萬里印刷有限公司

(incorporated in Hong Kong with limited liability)

(Stock code: 8385)

DISCLOSEABLE TRANSACTION IN RELATION TO THE LEASE AGREEMENT

Reference is made to the announcement (“**First Announcement**”) dated 20 September 2018. As disclosed in the First Announcement, the Group has received a notice from the relevant government authority that the site of the Current Shenzhen Factory will have to be surrendered due to the construction of subway nearby, and accordingly the Company has been in search for a suitable production site for relocation and has identified the New Shenzhen Factory as relocation site. On 25 March 2019, the Tenant (a wholly-owned subsidiary of the Company) and the Landlord entered into the Lease Agreement.

GEM LISTING RULES IMPLICATIONS

In accordance with HKFRS 16 “Leases”, the Company will recognize a right-of-use asset on its balance sheet in connection with the lease of the New Shenzhen Factory under the Lease Agreement. Accordingly, the entering into the Lease Agreement by the Tenant will be regarded as an acquisition of a capital asset for the purposes of the GEM Listing Rules.

As one or more of the applicable ratios (as defined in the GEM Listing Rules) for the transaction contemplated under the Lease Agreement exceeds 5% but less than 25%, such transaction constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements but exempt from the Shareholders’ approval requirement under the GEM Listing Rules.

A. INTRODUCTION

On 25 March 2019, the Tenant (Prosperous (SZ), a wholly-owned subsidiary of the Company) and the Landlord entered into the Lease Agreement.

B. KEY TERMS OF THE LEASE AGREEMENT

Date of Lease Agreement:	25 March 2019
Parties:	(1) Prosperous (SZ) (as tenant) and (2) the Landlord
Term:	From 1 April 2019 to 30 March 2022
Location of the leased premise:	Xi 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)
Security deposit and payment arrangement:	<p>The Tenant shall pay RMB1,164,768 to the Landlord within 7 days after the signing date of the Lease Agreement, which is the aggregate sum of:</p> <ul style="list-style-type: none">(a) two months of rent (RMB776,512) as the security deposit; and(b) one month of rent (RMB388,256) as the prepaid monthly rental respectively.
Monthly rental:	<p>Under the Lease Agreement, the monthly rental for the first two years commencing from 1 April 2019 to 31 March 2021 shall be RMB388,256 and the monthly rental for the period commencing from 1 April 2021 to 30 March 2022 shall increase to RMB407,668. The Tenant shall pay the monthly rental within the first tenth to fifteenth days of each month to the Landlord.</p>
Gross floor area:	14,575.48 m ² for factory use, and 4,460 m ² for dormitory use
Other terms and conditions:	<p>The lease will not be automatically renewed upon the expiry of the Lease Agreement. The Tenant shall give notice to the Landlord relating to its intention to renew the lease three months prior to the expiry of the Lease Agreement. The Landlord shall return a formal written notice to the Tenant whether to continue the lease with the Tenant and enter into a new lease agreement one month before the expiry of the Lease Agreement.</p>

C. GEM LISTING RULES IMPLICATIONS

In accordance with HKFRS 16 “Leases”, the Company will recognize a right-of-use asset on its consolidated statement of financial position in connection with the lease of the New Shenzhen Factory under the Lease Agreement. Accordingly, the entering into the Lease Agreement by the Tenant will be regarded as an acquisition of a capital asset for the purposes of the GEM Listing Rules.

As one or more of the applicable ratios (as defined in the GEM Listing Rules) for the transaction contemplated under the Lease Agreement exceeds 5% but less than 25%, such transaction constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements but exempt from the Shareholders’ approval requirement under the GEM Listing Rules.

D. REASONS FOR AND BENEFITS OF THE LEASE AGREEMENT

Reference is made to the First Announcement dated 20 September 2018. As disclosed in the First Announcement, the Group has received a notice from the relevant government authority that the site of the Current Shenzhen Factory will have to be surrendered due to the construction of subway nearby, and accordingly the Company has been in search for a suitable production site for relocation and has identified the New Shenzhen Factory as the relocation site after considering, among other factors, (1) both the Current Shenzhen Factory and the New Shenzhen Factory are situated in Long Gang District, Shenzhen, and accordingly the close proximity between the Current Shenzhen Factory and the New Shenzhen Factory will lead to a relatively lower relocation cost and time, and (2) the size, rental and location of the New Shenzhen Factory are suitable for our production.

E. DIRECTORS’ CONFIRMATIONS

Based on the reasons for and benefits of the Lease Agreement as set out above, the Directors (including the independent non-executive Directors) are of the opinion that (1) the transaction under the Lease Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group; and (2) that the terms of the Lease Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole. As at the date of this announcement, the Company expects to complete the renovation of and the relocation to the New Shenzhen Factory by end of September 2019. Separately, the Company is negotiating with the relevant government authority with respect to the compensation and/or subsidy for the relocation as a result of constructing subway nearby. The Company will make further announcement as appropriate.

F. INFORMATION ON THE GROUP AND THE LANDLORD

The Group is principally engaged in the production and trading of books and paper products.

The Landlord is Long Yi Shoes (Shenzhen) Company Limited* (隆禱鞋業(深圳)有限公司) incorporated in the PRC with limited liability. The Landlord is principally engaged in, among others, development and wholesale of shoes. To the best of the Directors' knowledge, information and belief having all reasonable enquiry, the Landlord and its ultimate beneficial owner are Independent Third Parties.

G. DEFINITIONS

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

“Board”	the board of directors of the Company
“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)
“Current Shenzhen Factory”	the current production site located at Hong Mian Fourth Road, Henggang Road, Longgang District, Shenzhen, Guangdong Province, the PRC* (中國深圳市龍崗區橫崗街道紅綿四路)
“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
“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
“Landlord”	Long Yi Shoes (Shenzhen) Company Limited* (隆禱鞋業(深圳)有限公司) incorporated in the PRC with limited liability and is an Independent Third Party

“Lease Agreement”	the lease agreement entered into between Tenant and the Landlord on 25 March 2019 for the lease of the New Shenzhen Factory
“New Shenzhen Factory”	the production site located at Xi 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)
“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
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenant”	Prosperous (SZ), a wholly-owned subsidiary of our Company
“Term”	1 April 2019 to 30 March 2022

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

* *For identification purpose only*

Hong Kong, 25 March 2019

As at the date of this announcement, the executive Directors are Mr. Lam Sam Ming, Ms. Chan Sau Po and Ms. Yao Yuan; the non-executive Director is Mr. Ong Chor Wei; and the independent non-executive Directors are Ms. Cheung Yin, Mr. Wong Hei Chiu and Mr. Leung Vincent Gar-Gen.

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 the GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, 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 GEM website (www.hkgem.com) for at least seven days from the day of its posting. This announcement will also be published on the Company's website at www.prosperous-printing-group.com.hk.