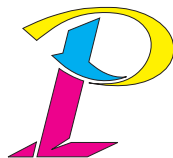


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Prosperous Printing Company Limited

萬里印刷有限公司

(incorporated in Hong Kong with limited liability)

(Stock code: 8385)

MAJOR TRANSACTION COMPENSATION AGREEMENTS SHENZHEN FACTORY RELOCATION

The Board of the Company is pleased to announce that, as part of relocation arrangement as a result of the relocation of Current Shenzhen Factory, the Company has entered into the following agreements with the respective parties: (1) Surrender of Premise Agreement (房屋清租協議書) dated 26 July 2019 for a consideration of RMB26,386,014; (2) Sale and Purchase Agreement for the Security Guard Room, Electricity Room and other Infrastructure (保安室、配電房等建築物收購協議書) dated 18 July 2019 for a consideration of RMB2,076,202; and (3) Sale and Purchase Agreement for Iron Infrastructure (鋼結構物業收購協議書) dated 26 July 2019 for a consideration of RMB2,697,535. Accordingly, the consideration to be received by the Company under the Compensation Agreements (i.e. collectively the Surrender of Premise Agreement Company, Sale and Purchase Agreement for the Security Guard Room, Electricity Room and other Infrastructure, and the Sale and Purchase Agreement for Iron Infrastructure) amount to an aggregate of RMB31,159,751.

IMPLICATIONS UNDER THE GEM LISTING RULES

As the relevant percentage ratios for the Compensation Agreements are more than 25% but less than 75%, the transactions contemplated under the Compensation Agreements constitutes a major transaction for the Company under Rule 19.06(3) of the GEM Listing Rules. Accordingly, the transactions contemplated under the Compensation 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 Compensation Agreements, thus no Shareholder is required to abstain from voting if the Company was to convene a general meeting for the approval of the Compensation Agreements.

GENERAL

A circular containing, among other matters, further information on the Compensation Agreements and the transactions contemplated therein shall be despatched in due course in compliance with the GEM Listing Rules.

INTRODUCTION

As disclosed in the announcement dated 20 September 2018, the Group (as tenant of the Current Shenzhen Factory) 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. The Group has entered into the Compensation Agreements, pursuant to which the Group will be entitled to financial compensation.

The Board is pleased to announce that, the Company has entered into the following agreements with the respective parties: (1) Surrender of Premise Agreement (房屋清租協議書) dated 26 July 2019 for a consideration of RMB26,386,014; (2) Sale and Purchase Agreement for the Security Guard Room, Electricity Room and other Infrastructure (保安室、配電房等建築物收購協議書) dated 18 July 2019 for a consideration of RMB2,076,202; and (3) Sale and Purchase Agreement for Iron Infrastructure (鋼結構物業收購協議書) dated 26 July 2019 for a consideration of RMB2,697,535. Accordingly, the consideration to be received by the Company under the Compensation Agreements (i.e. collectively the Surrender of Premise Agreement Company, Sale and Purchase Agreement for the Security Guard Room, Electricity Room and other Infrastructure, and the Sale and Purchase Agreement for Iron Infrastructure) amount to an aggregate of RMB31,159,751.

Surrender of Premise Agreement

Date:

26 July 2019

Parties:

- (1) Prosperous (SZ) (a wholly-owned subsidiary of the Company)
- (2) Fei Er (a third party nominated by Landlord for compensation settlement)
- (3) Landlord

(4) Land Management Centre

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Fei Er, Landlord, Land Management Centre and their respective ultimate beneficial owner, if applicable, are Independent Third Parties.

To accommodate the construction of subway nearby, Prosperous (SZ) shall surrender the Current Shenzhen Factory before 10 December 2019.

As designated by the Landlord, Fei Er shall pay a total amount of RMB26,386,015 to Prosperous (SZ) as compensation for renovation cost, infrastructure cost, removal cost, operation interruption cost, of which RMB13,193,007.5 shall be paid within 15 business days upon the agreement being signed and becoming effective, with the remaining balance of RMB13,193,007.5 shall be paid within 15 business days after completion of the relocation.

The consideration amount has been arrived at after arm's length negotiation with reference to, among others, valuation by Shenzhen Unity Land and Property Valuation Consultancy Company Limited (深圳市一統土地房地產評估工程諮詢勘測有限公司).

Sale and Purchase Agreement for the Security Guard Room, Electricity Room and other Infrastructure

Date:

18 July 2019

Parties:

- (1) Prosperous (SZ) (a wholly-owned subsidiary of the Company)
- (2) Landlord

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Landlord and its ultimate beneficial owner, if applicable, are Independent Third Parties.

Prosperous (SZ) agrees to sell, and the Landlord agrees to purchase the infrastructure situated on the Current Shenzhen Factory such as the security guard room, electricity room and other infrastructure, as well as the ancillary costs in relation thereto at a total consideration of RMB2,076,202.

The consideration amount has been arrived at after arm's length negotiation with reference to, among others, valuation by Shenzhen Unity Land and Property Valuation Consultancy Company Limited (深圳市一統土地房地產評估工程諮詢勘測有限公司).

Sale and Purchase Agreement for Iron Infrastructure

Date:

26 July 2019

Parties:

- (1) Prosperous (SZ) (a wholly-owned subsidiary of the Company)
- (2) Landlord

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Landlord and its ultimate beneficial owner, if applicable, are Independent Third Parties.

Prosperous (SZ) agrees to sell, and the Landlord agrees to purchase the iron infrastructure situated on the Current Shenzhen Factory at a consideration of RMB2,697,535, which shall be paid within 15 business days after the Landlord has entered into the relevant relocation compensation agreement.

The consideration amount has been arrived at after arm's length negotiation with reference to, among others, valuation by Shenzhen Unity Land and Property Valuation Consultancy Company Limited (深圳市一統土地房地產評估工程諮詢勘測有限公司).

FINANCIAL IMPACT

With respect to the Surrender of Premise Agreement, the Directors expect that the compensation payable to the Company will be more than sufficient for covering the relocation cost for relocating from the Current Shenzhen Factory to the New Shenzhen Factory, as well as purchase of new equipment for the New Shenzhen Factory.

With respect to the Sale and Purchase Agreement for the Security Guard Room, Electricity Room and other Infrastructure, the book value of such subject infrastructure are lower than the compensation payable to the Group.

With respect to the Sale and Purchase Agreement for Iron Infrastructure, the book value of such subject infrastructure are lower than the compensation payable to the Group.

Accordingly, a gain before tax and expenses is expected to accrue to the Company as a result of signing the Compensation Agreements. The Directors are still in the course of quantifying the estimate amount of gain and will keep Shareholders informed in due course.

USE OF PROCEEDS OF COMPENSATION

The compensation payable to the Group under the Compensation Agreements will be utilized to cover the relocation cost for relocating from the Current Shenzhen Factory to the New Shenzhen Factory, purchase of new equipment for the New Shenzhen Factory and replenish the general working capital of the Group.

REASONS FOR AND BENEFITS OF THE COMPENSATION AGREEMENTS

As disclosed in the announcement dated 20 September 2018, the Group (as tenant of the Current Shenzhen Factory) 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. The Group has entered into the Compensation Agreements, pursuant to which the Group will be entitled to financial compensation.

As set out in the section headed “Financial Impact” above, the Directors expect that the compensation payable to the Company will be more than sufficient for covering the relocation cost for relocating from the Current Shenzhen Factory to the New Shenzhen Factory, as well as purchase of new equipment for the New Shenzhen Factory.

Based on the above and having regard to the terms of the Compensation Agreements and the benefits for relocation of the Current Shenzhen Factory, the Board is of the view that the terms of the Compensation Agreements are all on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES TO THE COMPENSATION AGREEMENTS

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

To the best of the Directors’ knowledge, information and belief upon reasonable enquiries, (i) Fei Er is a company established in the PRC, and an Independent Third Party which is principally engaged in, among others, investment; (ii) the Landlord is a company established in the PRC, and an Independent Third Party which is principally engaged in, among others, investment; and Land Management Centre is a governmental authority of the PRC, and an Independent Third Party.

LISTING RULES IMPLICATION

As the relevant percentage ratios for the Compensation Agreements are more than 25% but less than 75%, the transactions contemplated under the Compensation Agreements constitutes a major transaction for the Company under Rule 19.06(3) of the GEM Listing Rules. Accordingly, the transactions contemplated under the Compensation 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 Compensation Agreements, thus no Shareholder is required to abstain from voting if the Company was to convene a general meeting for the approval of the Compensation Agreements.

GENERAL

A circular containing, among other matters, further information on the Compensation Agreements and the transactions contemplated therein shall be despatched in due course in compliance with GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms have the same meanings as set out below:

“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
“Fei Er”	Fei Er Investment Consultancy (Shenzhen) Company Limited (費爾投資諮詢(深圳)有限公司), a company established in the PRC
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM on the Stock Exchange
“Group”	the Company and its subsidiaries
“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”	Shenzhen Longgang Henggang Stock Cooperation Company Limited* (深圳市龍崗區橫崗股份合作有限公司) incorporated in the PRC with limited liability and is an Independent Third Party
“Land Management Centre”	Shenzhen Longgang Yuanshan Area Land Management Centre (深圳市龍崗區園山街道土地整備中心)

“New Shenzhen Factory”	the production site located at Xi Chang Road No. 8, Bao An Qu, Yuan Shan Jie Dao, Long Dang 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

By Order of the Board
Prosperous Printing Company Limited
Mr. Lam Sam Ming
Chairman and Executive Director

Hong Kong, 29 July 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-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 GEM website (www.hkgem.com) on the “Latest Company Announcements” page 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.