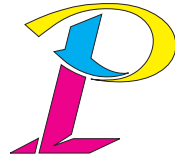


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Prosperous Printing Company Limited

萬里印刷有限公司

(incorporated in Hong Kong with limited liability)

(Stock code: 8385)

DISCLOSEABLE TRANSACTION JV AGREEMENT

JV AGREEMENT

Reference is made to the announcement dated 2 September 2024 in relation to the Company and JV Party entering into a memorandum of understanding to establish JV Company to set up Huizhou Factory. The Board is pleased to announce that on 30 October 2024, Yellow River (an indirect wholly-owned subsidiary of Company) has entered into the JV Agreement with JV Party pursuant to which the parties agreed the arrangement with respect to the JV Company with a registered capital of RMB5 million which is owned as to 28% by Yellow River and as to 72% by JV Party.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the JV Agreement exceed 5% but is less than 25%, the transaction under the JV Agreement constitutes a discloseable transaction on the part of the Company and is subject to the reporting and announcement requirements but is exempted from the circular and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

Reference is made to the announcement dated 2 September 2024 in relation to the Company and JV Party entering into a memorandum of understanding to establish JV Company to set up Huizhou Factory. The Board is pleased to announce that on 30 October 2024, Yellow River (an indirect wholly-owned subsidiary of Company) has entered into the JV Agreement with JV Party pursuant to which the parties agreed the arrangement with respect to the JV Company with a registered capital of RMB5 million.

The principal terms of JV Agreement is as follows:

THE JV AGREEMENT

Date: 30 October 2024

Parties: (1) Yellow River; and
(2) JV Party.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, as at the date of this announcement, JV Party and its ultimate beneficial owners are Independent Third Parties.

Principal terms of JV Agreement

1. The JV Company shall be owned as to 28% by Yellow River and as to 72% by JV Party.
2. The JV Company shall be principally engaged in production of printed products.
3. The registered capital of the JV Company shall be RMB5,000,000, which will be contributed in cash as to 28% by Yellow River (i.e. RMB1,400,000), and as to 72% by JV Party (i.e. RMB3,600,000). The contribution shall be fully paid by 20 November 2029.

The JV Company will not be accounted for as a subsidiary of the Company and its financial results will not be consolidated into the consolidated financial statements of the Company. The capital contribution of RMB1,400,000 by Yellow River will be funded by internal resources of the Group. The amount of capital contributions was determined after arm's length negotiation between the parties to the JV Agreement with reference to the total registered capital of the JV Company and their respective shareholding interest in the JV Company.

4. The JV Company shall operate Huizhou Factory. The Huizhou Factory shall be situated at 1, 2, 3 Floor of Tower 5 and 4/F of Tower 7, Ruiqiao Road No.68, Chang Bu Village, Xinyu Town, Huiyang District, Huizhou City, Guangdong Province, PRC (中國廣東省惠州市惠陽區新圩鎮長布村瑞橋路68號5棟1樓, 2樓, 3樓及7棟4樓). Change of venue of Huizhou Factory shall require consent from both Yellow River and JV Party.
5. Depending on actual needs, the Huizhou Factory shall possess one 8-color printing machine, two 4-color printing machines, two dual-color printing machines, one hard cover machine, one plastic binding machine, four book-folding machines and two stringing machines.

6. Yellow River will be responsible for sourcing overseas customer orders while JV Party will be responsible for operating the Huizhou Factory.
7. The Huizhou Factory will be mainly funded by JV Party and will also make bank borrowings as and when appropriate.
8. The JV Company shall sign tenancy agreement for the venue of Huizhou Factory.
9. The board of directors of the JV Company shall comprise three directors. Yellow River is entitled to nominate one director and JV Party is entitled to nominate two directors. The JV Party shall also be entitled to nominate the chairman of board and the legal representative of the JV Company.
10. The total investment shall be determined by Yellow River and JV Party according to the business development needs of the JV Company.
11. The JV Company shall revise its articles of association to reflect the above terms of the JV Agreement as appropriate. Amendment of articles of association of JV Company shall require consent from both Yellow River and JV Party.
12. Each shareholder of the JV Company shall be entitled to, on a pro rata basis of the contributed registered capital, receive the dividend.

INFORMATION ON HUIZHOU FACTORY

The JV Party is an independent third party and has operated a printing factory in Longhua, Shenzhen (“**Longhua Factory**”) since 2003 with 60 to 70 employees. As at the date of this announcement, Huizhou Factory is under renovation, and the JV Party has already closed the Longhua Factory and intends to switch its employees and equipment to the Huizhou Factory after the Huizhou Factory has completed renovation. Huizhou Factory is expected to commence operation by end of 2024.

As at the date of this announcement, the JV Company has entered into a tenancy agreement with respect to Huizhou Factory for a term from 15 November 2024 to 14 November 2034. The Huizhou Factory’s size is approximately 9,640 square meters, and is situated at 1,2,3 Floor of Tower 5 and 4/F of Tower 7, Ruiqiao Road No.68, Chang Bu Village, Xinyu Town, Huiyang District, Huizhou City, Guangdong Province, PRC (中國廣東省惠州市惠陽區新圩鎮長布村瑞橋路68號5棟1樓，2樓，3樓及7棟4樓)。

INFORMATION ON THE PARTIES TO THE JV AGREEMENT

The Group is principally engaged in the production and trading of books and paper products. Yellow River is an indirect wholly-owned subsidiary of the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the principal business of the JV Party is the production and trading of books and paper products in the PRC. The ultimate beneficial owners of the JV Party are Zhong Zhi Yong (鍾志勇) and Zhong Kun Lin (鍾坤林).

REASONS FOR AND BENEFITS OF THE JV AGREEMENT

As disclosed in the announcements dated 31 May 2024 and 19 June 2024 and the circular dated 3 September 2024, the Group has closed its factory in Shenzhen and plans to outsource printing orders to Huizhou Factory. The Group was established in Hong Kong in 1992 and had a long established presence in the printing industry, and will strive to take advantage of its competitiveness such as adherence to international standards, strong and stable project management skills so as to source orders from overseas customers which can be undertaken by Huizhou Factory and outsourcing to Huizhou Factory for a profit margin, which the Company believes will significantly reduce the Company's fixed overhead costs in order to improve its cashflow.

The terms of the JV Agreement were negotiated between the parties thereto after arm's length negotiations. In light of the above, the Directors consider that the terms of the JV Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the JV Agreement exceed 5% but is less than 25%, the transaction under the JV Agreement constitutes a discloseable transaction on the part of the Company and is subject to the reporting and announcement requirements but is exempted from the circular and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day(s)”	means any day (excluding a Saturday, Sunday or public holiday) on which banks generally are open for business in Hong Kong
“JV Party”	深圳市彩鑫金域印刷有限公司 (Shenzhen Caixin Jinyu Printing Co., Ltd.), a company established in the PRC with limited liability
“Company”	Prosperous Printing Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on GEM with stock code 8385

“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huizhou Factory”	The printing factory with a size of approximately 9,640 square meters which is situated in 1,2,3 Floor of Tower 5 and 4/F of Tower 7, Ruiqiao Road No.68, Chang Bu Village, Xinyu Town, Huiyang District, Huizhou City, Guangdong Province, PRC (中國廣東省惠州市惠陽區新圩鎮長布村瑞橋路68號5棟1樓，2樓，3樓及7棟4樓)
“Independent Third Party(ies)”	a third party independent of and not connected with the Company and/or its subsidiaries and their respective connected persons
“JV Agreement”	the joint venture agreement dated 30 October 2024 entered into between Yellow River and JV Party
“JV Company”	鈺彩印刷服務(惠州)有限公司 (Yucai Printing Services (Huizhou) Co., Ltd.), a company established under the laws of the PRC with limited liability
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Macau and Taiwan
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed thereto in the Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

“Yellow River”

Yellow River Printing Company Limited (黃河印刷有限公司), a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company

“%”

per cent.

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

Hong Kong, 30 October 2024

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 (“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 with the domain name of www.hkgem.com on the “Latest Listed Company Information” 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.