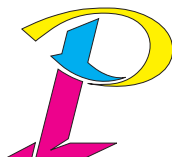


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Prosperous Printing Company Limited

萬里印刷有限公司

(incorporated in Hong Kong with limited liability)

(Stock code: 8385)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2018

The board (the “**Board**”) of directors (the “**Directors**”) of Prosperous Printing Company Limited (the “**Company**”) is pleased to announce the unaudited results of the Company and its subsidiaries for the three months ended 31 March 2018.

This announcement, containing the financial highlights and the full text of the 2018 first quarterly report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (“**GEM Listing Rules**”) in relation to the information to accompany preliminary announcements of quarterly results. Printed version of the 2018 first quarterly report of the Company containing the information required by the GEM Listing Rules will be despatched to the shareholders of the Company in due course.

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

Hong Kong, 15 May 2018

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 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.

FINANCIAL HIGHLIGHTS

- The Group's total revenue amounted to approximately HK\$76.9 million for the three months ended 31 March 2018, slightly increased by approximately 3.6% as compared to that of the corresponding period in 2017.
- The Group's gross profit amounted to approximately HK\$24.4 million for the three months ended 31 March 2018, which remained relatively stable as compared to that of approximately HK\$22.5 million for the corresponding period in 2017.
- The Group recorded a net loss of approximately HK\$1.6 million for the three months ended 31 March 2018, which was improved from a net loss of approximately HK\$3.6 million for the corresponding period in 2017.
- The Board has resolved not to declare the payment of any dividend for the three months ended 31 March 2018.

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors of Prosperous Printing Company Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (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 report 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 report misleading.

This report will remain on the GEM website with the domain name of www.hkgem.com on the “Latest Company Announcement” 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.



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Lam Sam Ming (*Chairman*)
Ms. Yao Yuan
Ms. Chan Sau Po

Non-executive Director

Mr. Ong Chor Wei

Independent non-executive Directors

Ms. Cheung Yin
Mr. Wong Hei Chiu
Mr. Leung Vincent Gar-Gene

AUDIT COMMITTEE

Ms. Cheung Yin (*Chairman*)
Mr. Wong Hei Chiu
Mr. Leung Vincent Gar-Gene

REMUNERATION COMMITTEE

Mr. Wong Hei Chiu (*Chairman*)
Ms. Cheung Yin
Mr. Lam Sam Ming

NOMINATION COMMITTEE

Mr. Lam Sam Ming (*Chairman*)
Mr. Wong Hei Chiu
Ms. Cheung Yin

RISK MANAGEMENT COMMITTEE

Mr. Lam Sam Ming (*Chairman*)
Ms. Chan Sau Po
Ms. Yao Yuan

COMPANY SECRETARY

Mr. Ho Tai Wai David, *FCPA (Practising), ACIS*

AUTHORISED REPRESENTATIVES

Mr. Lam Sam Ming
Ms. Chan Sau Po

COMPLIANCE OFFICER

Ms. Chan Sau Po

REGISTERED OFFICE, HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

3/F, Yip Cheung Centre
10 Fung Yip Street
Chai Wan
Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank (Hong Kong) Limited

COMPLIANCE ADVISER

Kingsway Capital Limited
7/F, Tower One, Lippo Centre
89 Queensway
Hong Kong

AUDITOR

Crowe Horwath (HK) CPA Limited
9/F Leighton Centre
77 Leighton Road
Causeway Bay
Hong Kong

COMPANY'S WEBSITE

www.prosperous-printing-group.com.hk

STOCK CODE

8385

The board of directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated financial results of the Group for the three months ended 31 March 2018 (together with the comparative unaudited figures for the corresponding period in 2017) as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2018

	Note	Three months ended 31 March	
		2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Revenue	3	76,939	74,218
Cost of sales		(52,499)	(51,754)
Gross profit		24,440	22,464
Other income		3,315	2,539
Distribution costs		(6,152)	(6,224)
Administration expenses		(20,610)	(18,382)
Other expenses		—	(1,939)
Profit/(loss) from operations		993	(1,542)
Finance costs		(1,629)	(2,065)
Loss before taxation		(636)	(3,607)
Income tax	4	(917)	—
Loss for the year		(1,553)	(3,607)
Attribution to:			
Equity shareholders of the Company		(1,553)	(3,607)
Non-controlling interests		—	—
Loss for the year		(1,553)	(3,607)
Loss per share:		HK cents	HK cents
Basic	5	(0.25)	(0.68)
Diluted	5	(0.25)	(0.57)

	Note	Three months ended 31 March	
		2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Loss for the period		(1,553)	(3,607)
Other comprehensive Income for the year, net of nil tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of operation with functional currency other than Hong Kong dollars		3,004	3,972
Available-for-sale investments:			
Net movement in the fair value reserve		—	3
Total comprehensive income for the period		3,004	3,975
Attributable to:			
Equity shareholders of the Company		1,451	368
Non-controlling interests		—	—
Total comprehensive income for the period		1,451	368

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2018

	Attributable to equity shareholders of the Company					Total	Non-controlling interest	Total equity
	Share capital	Exchange reserve	Capital reserve	Fair value reserve	Retained profits			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2017	27,539	(10,606)	3,318	(83)	160,638	180,806	—	180,806
Change in equity for 2017:								
Loss for the period	—	—	—	—	(3,607)	(3,607)	—	(3,607)
Other comprehensive income for the period	—	3,972	—	3	—	3,975	—	3,975
Balance at 31 March 2017	27,539	(6,634)	3,318	(80)	157,031	181,174	—	181,174
Balance at 31 December 2017 and 1 January 2018								
Change in equity for 2018:								
Loss for the period	—	—	—	—	(1,553)	(1,553)	—	(1,553)
Other comprehensive income for the period	—	3,004	—	—	—	3,004	—	3,004
Balance at 31 March 2018	100,843	379	3,318	(97)	165,615	270,058	—	270,058

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Prosperous Printing Company Limited (the “Company”) was incorporated in Hong Kong on 23 December 1992 with limited liability under the laws of Hong Kong. The shares of the Company have been listed on GEM of The Stock Exchange of Hong Kong Limited since 13 December 2017.

The address of the Company’s registered office is 3/F., Yip Cheung Centre, 10 Fung Yip Street, Chai Wan, Hong Kong.

The Company and its subsidiaries (together referred to as the “Group”) are principally engaged in the production and trading of books and paper products.

2. BASIS OF PREPARATION

This condensed consolidated financial information for the three months ended 31 March 2018 has been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of the GEM Listing Rules. The condensed consolidated financial information should be read in conjunction with the Company’s consolidated financial statements for the year ended 31 December 2017, which have been prepared in accordance with HKFRSs issued by the HKICPA.

3. REVENUE AND SEGMENT INFORMATION

	For the three months ended 31 March	
	2018 HK\$’000 (Unaudited)	2017 HK\$’000 (Unaudited)
Revenue		
The Group’s revenue is analysed as follows:		
Revenue arising from sales of books and paper products	76,816	74,218
Revenue arising from provision of sub-contracting services	123	—
	76,939	74,218

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Segment reporting

HKFRS 8 “Operating Segments” requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Company’s executive directors, being the Group’s chief operating decision maker, for the purpose of resources allocation and performance assessment.

On this basis, the Group has determined that it only has one operating segment which is the production and sale of books and paper products.

4. INCOME TAX CREDIT

	For the three months ended 31 March	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
INCOME TAX CREDIT		
Current tax — Hong Kong Profits Tax Provision for the year	63	—
Current tax — PRC Enterprise Income Tax Provision for the year	50	—
Deferred tax: Origination and reversal of temporary difference	804	—
	917	—

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operates.

The provision for Hong Kong Profits Tax of the Company and subsidiaries established in Hong Kong are calculated at 16.5% of the estimated assessable profits for the reporting period.

The provision for the PRC Enterprise Income Tax of the subsidiary established in the PRC is calculated at 25% of the estimated taxable profits for the reporting period.

5. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of HK\$1,553,000 for the three months ended 31 March 2018 (for the three months ended 31 March 2017: HK\$3,607,000) and the weighted average of 610,411,000 (31 March 2017: 532,459,000) ordinary shares after taking into account the effect of issuance of shares upon the initial public offering on 13 December 2017 and the share subdivision on 14 September 2016, calculated as follows:

Weighted average number of ordinary shares (basic)

	For the three months ended 31 March	
	2018	2017
Issued ordinary shares at 1 January	610,411,000	532,459,000
Effect of convertible loan converted	—	—
Effect of shares subdivision	—	—
Effect of shares issued upon initial public offering	—	—
Weighted average number of ordinary shares at 31 March	610,411,000	532,459,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(b) Diluted loss per share

The calculation of diluted loss per share is based on the loss attributable to ordinary equity shareholders of the Company of HK\$1,553,000 for the three months ended 31 March 2018 (for the three months ended 31 March 2017: HK\$3,607,000) and the weighted average of 610,411,000 (31 March 2017: 637,966,000) ordinary shares after taking into account the effect of issuance of shares upon the initial public offering on 13 December 2017 and the share subdivision on 14 September 2016, calculated as follows:

(i) Profit attributable to ordinary equity shareholders of the Company (diluted)

	For the three months ended 31 March	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Loss attributable to ordinary equity shareholders After tax effect of effective interest on the liability component of convertible loan	(1,553)	(3,607)
Loss attributable to ordinary equity shareholders (diluted)	(1,553)	(3,607)

(ii) Weighted average number of ordinary shares (diluted)

	For the three months ended 31 March	
	2018	2017
Weighted average number of ordinary shares (basic) at 31 March	610,411,000	637,966,000
Effect of conversion of convertible loan	—	—
Weighted average number of ordinary shares (diluted) at 31 March	610,411,000	637,966,000

6. DIVIDEND

The Board does not recommend the payment of dividend for the three months ended 31 March 2018 (for the three months ended 31 March 2017: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Unless otherwise stated, the capitalized terms used in this report shall have the same meaning as those used in the prospectus (“**Prospectus**”) dated 29 November 2017.

BUSINESS REVIEW

We are a provider of printing products to Hong Kong-based print brokers with customers in overseas markets and to international publishers mainly located in the U.S., U.K., Australia and Europe (excluding U.K.). Our products comprise mainly books and other paper-related products. Paper and ink are our principal raw materials. Our two production sites were the Shenzhen Factory and the Hong Kong Factory. Each of these factories is a self-functioning printing and production arm of our Group, and they share the printing workload allocated by our management. Notwithstanding the intense market competition, we achieved a slight increase in revenue as a result of an increment in customer orders during three months ended 31 March 2018.

FUTURE PROSPECTS

Looking forward, there are certain risk that the Group will face in further development such as challenges from increase in paper cost and technological advancements in publishing and new forms of information dissemination. However, we remain cautiously optimistic of the 2018 prospects and believe that the printing market will be sustainable in a steady and healthy way, and intend to continue to build our competitive strengths so as to increase market share and profitability. To achieve our goal, we plan to implement the following business strategies: improving our equipment and the level of automation, expanding customer base and strengthening sales and marketing coverage, and continuing to attract and retain top talent in the industry.

FINANCIAL REVIEW

Revenue

We generate revenue primarily from the provision of printing products to Hong Kong-based print brokers with customers in overseas markets and to international publishers mainly located in the U.S., U.K., Australia and Europe (excluding U.K.). Our revenue remained stable and slightly increased by approximately 3.6% from approximately HK\$74.2 million for the three months ended 31 March 2017, to approximately HK\$76.9 million for the three months ended 31 March 2018.

Costs of sales

Our cost of sales primarily consists of raw materials and consumables, staff costs, sub-contracting fees, depreciation and water and electricity. Our cost of sales remained stable and slightly increased by approximately 1.4% from approximately HK\$51.8 million for the three months ended 31 March 2017 to approximately HK\$52.5 million for the three months ended 31 March 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross profit margin

Our gross profit was approximately HK\$22.5 million and HK\$24.4 million for the three months ended 31 March 2017 and 2018 respectively. Our gross profit margin was 30.3% and 31.7% respectively. The slight increase in our gross profit and gross profit margin was primarily due to slight increase of sales order.

Other income

Other income/(losses) mainly consists of the gain on disposal of property, plant and equipment, exchange gain/loss, the profit arising from sale of paper and scrap materials and income received from government subsidies. We recorded other income of approximately HK\$2.5 million during the three months ended 31 March 2017 and HK\$3.3 million during the three months ended 31 March 2018. The increase was due to gain on disposal of machine and equipment, and increase in income received from government subsidies during the three months ended 31 March 2018.

Administrative expenses

Administrative expense primarily consists of staff costs and benefits, directors' emoluments and rental and rates. The administrative expenses remained stable and slightly increased from HK\$18.4 million during the three months ended 31 March 2017 to HK\$20.6 million during the three months ended 31 March 2018.

Finance costs

We recorded finance costs of HK\$2.1 million during the three months ended 31 March 2017 and HK\$1.6 million during the three months ended 31 March 2018. Our finance costs decreased by approximately 23.8% in the three months ended 31 March 2018 as compared to the same period in 2017, because we obtained net proceeds from the Listing and thus reduced the utilisation of our overdraft facilities.

Income tax

Income tax represents income tax paid or payable by us, at the applicable tax rates in accordance with the relevant laws and regulations in each tax jurisdiction our Group operates or domiciles. We had no tax payable in other jurisdiction other than Hong Kong and the PRC during the three months ended 31 March 2017 and 2018. Our operations in Hong Kong are subject to a statutory profit tax rate of 16.5%. Our operations in the PRC are subject to an enterprise income tax rate of 25.0%. We recorded income tax of HK\$917,000 during the three months ended 31 March 2018 (2017: nil).

Loss for the period

As a result of the foregoing, our net loss decreased from HK\$3.6 million during the three months ended 31 March 2017 to HK\$1.6 million during the three months ended 31 March 2018, which was due to increase of gross profit.

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any events after the reporting period that requires disclosure.

USE OF PROCEEDS

Based on the Offer Price of HK\$0.35 per Offer Share and 200,000,000 Shares offered by the Company, the net proceeds from the Share Offer to be received by the Company, after deducting the underwriting fees and commissions and estimated expenses paid and payable by the Company in relation to the Share Offer, are approximately HK\$34.7 million. Such net proceeds are intended to be or have been applied in accordance with the proposed applications as set out in the section headed “Use of Proceeds” in the Prospectus.

An analysis of the utilisation of the net proceeds from 1 January 2018 up to 31 March 2018 is set out below:

	Planned use of the net proceeds from 1 January 2018 to 30 June 2018 (HK\$ million)	Actual use of the net proceeds from 1 January 2018 to 31 March 2018 (HK\$ million)
Improve our equipment and level of automation	8.3	8.3
Repayment of bank borrowings	12.2	12.2
Expand customer base and strengthen sales and marketing coverages	0.3	0.3
Total:	20.8	20.8

The business objectives, implementation plans and planned use of proceeds were based on the estimation and assumption of future market conditions made by the Group for the purpose of Listing. The actual use of proceeds was based on the Group’s business operations and development.

DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2018 (for the period ended 31 March 2017: Nil).

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICE

The Board is responsible for performing the corporate governance duties in the Corporate Governance Code and Corporate Governance Report (the “CG Code”) as set out in Appendix 15 of the GEM Listing Rules, which includes developing and reviewing the Company’s policies and practices on corporate governance, training and continuous professional development of Directors, and reviewing the Company’s compliance with the code provision in the CG Code and disclosures in this report.

The Company has complied with the principles and applicable code provisions of the CG Code for the three months ended 31 March 2018, except the deviation from CG Code provision A.2.1 as set out below.

Chairman and Chief Executive Officer

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

Mr. Lam Sam Ming (“**Mr. Lam**”) is the chairman and the chief executive officer of the Company. Mr. Lam has over 35 years of experience in the printing industry. Mr. Lam established our Group through L & L Limited in December 1992. Since then he has been in charge of the overall business strategies and operation of our Group. The Directors are of the view that it would be in the Group’s best interest for Mr. Lam to continue performing the two roles in terms of effective management and business development. The Directors further believe that the balance of power and authority is adequately ensured by the operations of the Board, which comprises experienced and high-caliber individuals, with three of them being independent non-executive Directors.

Based on the above factors, the Board considers that the deviation from the code provision A.2.1 of the CG Code is appropriate.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the Shares (the “**Code of Conduct**”). Having made specific enquiries to all Directors, each of them has confirmed that he/she has fully complied with the required standard of dealings set out in the Code of Conduct during the three months ended 31 March 2018.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “Scheme”), the principal terms of which are summarised in the sub-section headed “Appendix V — Statutory and General Information — D. Share Option Scheme” in the Prospectus.

No share option has been granted or exercised under the Scheme during the three months ended 31 March 2018. No share option was outstanding as at 31 December 2017.

PURCHASE, SALE OR REDEMPTION OF THE SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Shares for the three months ended 31 March 2018.

DISCLOSURE OF INTERESTS

(a) Interests and/or short positions of Directors in the Shares, underlying shares or debentures of our Company and its associated corporations

As at 31 March 2018, our Directors had the following interests and/or short positions in the shares, underlying shares or debentures of our Company and its associated corporations (within the meaning of Part XV the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by our Directors, will be required to be notified to our Company and the Stock Exchange:

(i) Interests in our Company

Name of Director	Capacity	Number of Shares (Note 1)	Percentage of interest in our Company
Mr. Lam (Note 2)	Interest of controlled corporation	480,000,000 (L)	60%
Ms. Yao (Note 3)	Interest of spouse	480,000,000 (L)	60%

Notes:

1. The letter “L” denotes the person’s long positions in the Shares.
2. These 480,000,000 Shares are held by First Tech, which is wholly and beneficially owned by Mr. Lam. As such, Mr. Lam is deemed to be interested in these 480,000,000 Shares under the SFO.
3. Ms. Yao is the spouse of Mr. Lam. Under the SFO, Ms. Yao is deemed to be interested in the same number of Shares in which Mr. Lam is interested.

OTHER INFORMATION

Mr. Ong Chor Wei, our non-executive Director, is also a director of a Singapore listed company, Net Pacific Financial Holdings Limited. According to the annual report of Net Pacific Financial Holdings Limited for the financial year ended 31 December 2017, Mr. Ong Chor Wei is deemed to be interested in the shares held by Quad Sky Limited by virtue of him owning 100% of the equity interest in Head Quator Limited which in turn owns 50% of the equity interest in Quad Sky Limited, which owns approximately 10.22% of the issued share capital of Net Pacific Financial Holdings Limited. Together with the 0.60% of the issued share capital of Net Pacific Financial Holdings Limited directly owned by him, Mr. Ong Chor Wei has an approximately 10.82% deemed interest in the issued share capital of Net Pacific Financial Holdings Limited. Net Pacific Financial Holdings Limited wholly-owns Net Pacific Finance Group Limited.

Net Pacific Finance Group Limited has subscribed for 10,000,000 class A shares in Fine Time. Holders of class A shares in Fine Time do not have voting rights at general meetings of Fine Time but all shareholders of Fine Time share the profits and risks of Fine Time according to their respective total contribution in debt and equity to Fine Time. As Net Pacific Finance Group Limited contributed HK\$10,000,000 out of the total debt and equity contribution received by Fine Time of HK\$22,000,000, Net Pacific Finance Group Limited holds 45.4% of the economic interest in Fine Time. However, Net Pacific Finance Group Limited does not hold any voting rights in Fine Time and accordingly, Net Pacific Finance Group Limited is not the controlling shareholder of Fine Time.

(ii) *Interests in associated corporation of our Company*

Name of Director	Name of associated corporation	Capacity	Number of shares held	Percentage of shareholding interest
Mr. Lam	First Tech	Beneficial owner	50,000	100%

Save as disclosed above, as at 31 March 2018, none of our Directors had any interests and/or short position in the shares, underlying shares or debentures of our Company and its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors.

(b) Interests and/or short position of substantial shareholders in the Shares which are discloseable under Divisions 2 and 3 of Part XV of the SFO

So far as is known to our Directors, as at 31 March 2018, the following persons (not being a Director or chief executive of our Company) had an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be interested in 10% or more of the total number of issued Shares of share capital carrying rights to vote in all circumstances at general meetings of any other members of our Group:

Name of substantial shareholder	Capacity	Number of Shares (Note 1)	Percentage of interest in our Company
First Tech (Note 2)	Beneficial owner	480,000,000 (L)	60%
Fine Time (Note 3)	Beneficial owner	120,000,000 (L)	15%

Notes:

1. The letter “L” denotes the person’s long positions in the Shares.
2. First Tech is a company incorporated in the BVI which is wholly and beneficially owned by Mr. Lam, an executive Director.
3. For information regarding the shareholding structure of Fine Time, please refer to the sub-section headed “History, Reorganisation and Corporate Structure — Pre-IPO Investment — Information regarding Fine Time” in the Prospectus.

Save as disclosed above, so far as is known to our Directors, as at 31 March 2018, there are no other person (not being a Director or chief executive of our Company) who had an interest or a short position in the Shares or underlying shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be interested in 10% or more of the voting power at general meetings or any other members of our Group.

DIRECTORS’ INTERESTS IN COMPETING BUSINESS

Other than members of the Group, none of the Directors or their respective close associates (as defined in the GEM Listing Rules) has interest in any business which competes or is likely to compete, directly or indirectly, with the business of the Group.

OTHER INFORMATION

INTERESTS OF COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Kingsway Capital Limited (“**Kingsway**”), as at 31 March 2018, save as (1) Kingsway’s participation as the sole sponsor in relation to the Listing; (2) Kingsway’s affiliated company, Kingsway Financial Services Group Limited as one of the joint bookrunners and joint lead managers in relation to the Listing; and (3) the compliance adviser agreement entered into between the Company and Kingsway Capital Limited, neither Kingsway nor its directors, employees or associates had any interest in relation to the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) on 15 November 2017 with its written terms of reference in compliance with the GEM Listing Rules. The Audit Committee has reviewed the unaudited consolidated financial results of the Group for the three months ended 31 March 2018. The Audit Committee is of the opinion that such financial results comply with the applicable accounting standards, the GEM Listing Rules and that adequate disclosures have been made.

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

Hong Kong, 15 May 2018

As at the date of this report, 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.