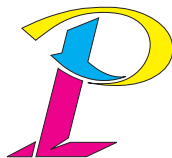


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Prosperous Printing Company Limited

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 2019

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 2019.

This announcement, containing the financial highlights and the full text of the 2019 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 2019 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, 14 May 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 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) 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.

FINANCIAL HIGHLIGHTS

- The Group's revenue increased by approximately 21.8% from approximately HK\$76.9 million for the three months ended 31 March 2018, to approximately HK\$93.7 million for the three months ended 31 March 2019 due to increase in sales order.
- The Group's gross profit increased by approximately 13.9% from approximately HK\$24.4 million for the three months ended 31 March 2018 to approximately HK\$27.8 million for the three months ended 31 March 2019. The increase in gross profit was primarily due to the increase in revenue.
- The Group recorded a profit of approximately HK\$0.7 million during for the three months ended 31 March 2019, as compared to a loss of approximately HK\$1.6 million during the three months ended 31 March 2018, which was mainly due to increase of sales orders.
- The Board has resolved not to declare the payment of any dividend for the three months ended 31 March 2019.

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.

CONTENTS

Corporate Information	3
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	4
Condensed Consolidated Statement of Changes in Equity	6
Notes to the Condensed Consolidated Financial Statements	7
Management Discussion and Analysis	11
Other Information	14

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, *FCCA (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

LEGAL ADVISOR

Jimmie K.S. Wong & Partners

AUDITOR

Crowe (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 2019 (together with the comparative unaudited figures for the corresponding period in 2018) as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2019

	Note	Three months ended 31 March	
		2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Revenue	3	93,680	76,939
Cost of sales		(65,880)	(52,499)
Gross profit		27,800	24,440
Other income		1,243	3,315
Distribution costs		(6,428)	(6,152)
Administration expenses		(18,507)	(20,610)
Other expenses		—	—
Profit from operations		4,108	993
Finance costs		(1,858)	(1,629)
Profit/(loss) before taxation		2,250	(636)
Income tax	4	(1,572)	(917)
Profit/(loss) for the year		678	(1,553)
Attribution to:			
Equity shareholders of the Company		678	(1,553)
Non-controlling interests		—	—
Profit/(loss) for the year		678	(1,553)
Profit/(loss) per share:		HK cents	HK cents
Basic	5	0.08	(0.25)
Diluted	5	0.08	(0.25)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2019

	Note	Three months ended 31 March 2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Profit/(loss) for the period		678	(1,553)
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		10,649	3,004
Total comprehensive income for the period		10,649	3,004
Attributable to:			
Equity shareholders of the Company		11,327	1,451
Non-controlling interests		—	—
Total comprehensive income for the period		11,327	1,451

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2019

	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			
Balance at 1 January 2018	100,843	(2,625)	3,318	(97)	167,168	268,607	—	268,607
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
Balance at 31 December 2018 and 1 January 2019	100,843	(9,176)	3,318	—	190,747	285,732	—	285,732
Change in equity for 2019:								
Loss for the period	—	—	—	—	678	678	—	678
Other comprehensive income for the period	—	10,649	—	—	—	10,649	—	10,649
Balance at 31 March 2019	100,843	1,473	3,318	—	191,425	297,059	—	297,059

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 2019 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 2018, which have been prepared in accordance with HKFRSs issued by the HKICPA.

3. REVENUE AND SEGMENT INFORMATION

	For the three months ended 31 March	
	2019	2018
	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)
Revenue		
The Group’s revenue is analysed as follows:		
Revenue arising from sales of books and paper products	93,502	76,816
Revenue arising from provision of sub-contracting services	178	123
	93,680	76,939

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

	For the three months ended 31 March	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
INCOME TAX		
Current tax — Hong Kong Profits Tax Provision for the year	93	63
Current tax — PRC Enterprise Income Tax Provision for the year	1,479	50
Deferred tax: Origination and reversal of temporary difference	—	804
	1,572	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.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rate regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rate regime, the first HK\$2 million of profits of a qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%.

For the three months ended 31 March 2019, Hong Kong Profits Tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. PROFIT/(LOSS) PER SHARE

(a) Basic profit/(loss) per share

The calculation of basic profit per share is based on the profit attributable to ordinary equity shareholders of the Company of HK\$678,000 for the three months ended 31 March 2019 (for the three months ended 31 March 2018: loss of HK\$1,553,000) and the weighted average of 800,000,000 (31 March 2018: 610,411,000) ordinary shares:

Weighted average number of ordinary shares (basic)

	For the three months ended 31 March	
	2019	2018
Issued ordinary shares at 1 January	800,000,000	610,411,000
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	800,000,000	610,411,000

(b) Diluted profit/(loss) per share

The calculation of diluted profit per share is based on the profit attributable to ordinary equity shareholders of the Company of HK\$678,000 for the three months ended 31 March 2019 (for the three months ended 31 March 2018: loss of HK\$1,553,000) and the weighted average of 800,000,000 (31 March 2018: 610,411,000) ordinary shares:

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

	For the three months ended 31 March	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit/(loss) attributable to ordinary equity shareholders	678	(1,553)
After tax effect of effective interest on the liability component of convertible loan	—	—
Profit/(loss) attributable to ordinary equity shareholders (diluted)	678	(1,553)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

	For the three months ended 31 March	
	2019	2018
Weighted average number of ordinary shares (basic) at 31 March	800,000,000	610,411,000
Effect of conversion of convertible loan	—	—
Weighted average number of ordinary shares (diluted) at 31 March	800,000,000	610,411,000

6. DIVIDEND

The Board does not recommend the payment of dividend for the three months ended 31 March 2019 (for the three months ended 31 March 2018: 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

The Group is a provider of printing products to Hong Kong-based print brokers with customers in overseas markets and to international publishers. Our printing products include (i) leisure and lifestyle books (such as photography books, cookbooks and art books); (ii) educational textbooks and learning materials (such as primary, secondary and tertiary level school books); (iii) children’s books (such as movie and video game series); and (iv) other paper-related products (such as national maps, leaflets, greeting cards, journals and calendars). We have two production sites in Hong Kong and Shenzhen respectively, each of which is a self-functioning printing and production arm of our Group. We have recently signed a lease agreement for the New Shenzhen Factory (as defined in the announcements of the Company dated 20 September 2018 and 25 March 2019 (“**Announcements**”)) since the Current Shenzhen Factory (as defined in the Announcements) would need to be surrendered due to the construction of subway nearby. For details, please refer to the Announcements.

FUTURE PROSPECTS

Looking forward, there are certain risks 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 2019 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 increased by approximately 21.8% from approximately HK\$76.9 million for the three months ended 31 March 2018, to approximately HK\$93.7 million for the three months ended 31 March 2019 due to increase in sales order.

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 increased by approximately 25.5% from approximately HK\$52.5 million for the three months ended 31 March 2018 to approximately HK\$65.9 million for the three months ended 31 March 2019 which is in line with the increase in revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross profit margin

Our gross profit was approximately HK\$24.4 million and HK\$27.8 million for the three months ended 31 March 2018 and 2019 respectively. Our gross profit margin was 31.7% and 29.7% respectively. The increase in gross profit was primarily due to the increase in revenue.

Other income

Other income 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\$3.3 million during the three months ended 31 March 2018 and HK\$1.2 million during the three months ended 31 March 2019. The decrease was due to reduction of gain on disposal of machine and equipment, and decrease in income received from government subsidies during the three months ended 31 March 2019.

Administrative expenses

Administrative expense primarily consists of staff costs and benefits, directors' emoluments and rental and rates. The administrative expenses decreased from approximately HK\$20.6 million during the three months ended 31 March 2018 to HK\$18.5 million during the three months ended 31 March 2019 mainly due to decrease in staff salary and equipment expenses.

Finance costs

We recorded finance costs of approximately HK\$1.6 million during the three months ended 31 March 2018 and HK\$1.9 million during the three months ended 31 March 2019. Our finance costs increased by approximately 14.1% in the three months ended 31 March 2019 as compared to the same period in 2018. The increase in finance costs was primarily due to increase of bank charges.

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 2018 and 2019. Our operations in Hong Kong are subject to the two-tiered profits tax rate regime, which the first HK\$2 million of profits of qualifying entity will be taxed at 8.25% and profits above HK\$2 million will be taxed at 16.5%. Our operations in the PRC are subject to an enterprise income tax rate of 25.0%. We recorded income tax of approximately HK\$1.6 million during the three months ended 31 March 2019 (2018: HK\$0.9 million).

Profit for the period

As a result of the foregoing, our net profit increased from a loss of approximately HK\$1.6 million during the three months ended 31 March 2018 to a profit of approximately HK\$0.7 million during the three months ended 31 March 2019, which was due to increase of sales orders.

MANAGEMENT DISCUSSION AND ANALYSIS

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 received by the Company, after deducting the underwriting fees and commissions and expenses paid by the Company in relation to the Share Offer, were approximately HK\$34.7 million. Such net proceeds were intended to be 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 for the period from 1 January 2019 up to 31 March 2019 is set out below:

	Planned use of the net proceeds from 1 January 2019 to 30 June 2019 (HK\$ million)	Actual use of the net proceeds from 1 January 2019 to 31 March 2019 (HK\$ million)
Improve our equipment and level of automation	—	—
Repayment of bank borrowings	—	—
Expand customer base and strengthen sales and marketing coverages	0.33	Nil
Total:	0.33	Nil

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 2019 (for the period ended 31 March 2018: 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 2019, except the deviation from code provision A.2.1 of the CG Code 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 2019.

OTHER INFORMATION

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 2019. No share option was outstanding as at 31 March 2019.

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 2019.

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 2019, 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 have been 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 have been 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, been 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 (Notes 2 & 4)	Interest of controlled corporation	480,000,000 (L)	60%
Ms. Yao (Notes 3 & 4)	Interest of spouse	480,000,000 (L)	60%

Notes:

- The letter “L” denotes the person’s long positions in the Shares.
- 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.
- 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

4. The Company was notified by First Tech Inc. (“**First Tech**”), a controlling shareholder (as defined under the GEM Listing Rules) of the Company, that on 12 October 2018, First Tech had executed a charge over its 72,000,000 Shares (the “**Charged Shares**”) in the issued share capital of the Company in favour of a third party (“**Lender**”) as security for a loan granted by the Lender to First Tech. First Tech is wholly owned by Mr. Lam Sam Ming, the chairman and controlling shareholder of the Company. As at 31 March 2019, the Charged Shares represent 9% of the issued share capital of the Company. For further details, please refer to the announcement of the Company dated 12 October 2018.

Mr. Ong Chor Wei, our non-executive Director, is also a director of a Singapore listed company, Net Pacific Financial Holdings Limited. 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 an 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 2019, 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 have been 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 have been 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.

OTHER INFORMATION

(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 2019, 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 have been disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or 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 (Notes 2 & 4)	Beneficial owner	480,000,000 (L)	60%
Fine Time (Notes 3 & 4)	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.
4. The Company was notified by First Tech, a controlling shareholder (as defined under the GEM Listing Rules) of the Company, that on 12 October 2018, First Tech had executed a charge over its 72,000,000 Shares in the issued share capital of the Company in favour of the Lender as security for a loan granted by the Lender to First Tech. First Tech is wholly owned by Mr. Lam Sam Ming, the chairman and controlling shareholder of the Company. As at 31 March 2019, the Charged Shares represent 9% of the issued share capital of the Company. For further details, please refer to the announcement of the Company dated 12 October 2018.

Save as disclosed above, so far as is known to our Directors, as at 31 March 2019, 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 of 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 2019, 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 2019. The Audit Committee is of the opinion that such financial results comply with the applicable accounting standards and 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, 14 May 2019

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.