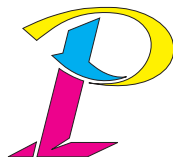


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## **Prosperous Printing Company Limited**

**萬里印刷有限公司**

*(incorporated in Hong Kong with limited liability)*

**(Stock code: 8385)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO THE LEASE AGREEMENT**

On 29 May 2020, the Tenant (a wholly-owned subsidiary of the Company) and the Landlord entered into the Lease Agreement to rent the New Shenzhen Warehouse with effect from 1 June 2020. The New Shenzhen Warehouse will be mainly for use as warehouse since the Group's existing tenancy of the Current Shenzhen Warehouse will expire on 31 May 2020.

#### **GEM LISTING RULES IMPLICATIONS**

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

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

## A. INTRODUCTION

On 29 May 2020, the Tenant (i.e. Prosperous (SZ), a wholly-owned subsidiary of the Company) and the Landlord entered into the Lease Agreement.

## B. KEY TERMS OF THE LEASE AGREEMENT

**Date of Lease Agreement:** 29 May 2020

**Parties:** (1) Prosperous (SZ) (as tenant) and (2) the Landlord

**Term:** From 1 June 2020 to 31 December 2024

**Termination:** The Tenant may serve 90 days' notice to terminate the Lease Agreement before expiry of the Term, provided that the Tenant shall pay compensation equivalent to one month's rent, and the security deposit shall also be forfeited by Landlord.

The Landlord may serve 90 days' notice to terminate the Lease Agreement before expiry of the Term, provided that the Landlord shall pay compensation equivalent to two months' rent, and also shall refund the security deposit to the Tenant.

**Location of the leased premise:** Dadi Factory Block A, Ao Bei Factory Zone, Ci Chang Road No. 8, Bao An Community, Yuan Shan Jie Dao, Long Gang District, Shenzhen, Guangdong, the PRC\* (中國廣東省深圳市龍崗區園山街道保安社區賜昌路8號坳背廠區大底廠A棟)

**Security deposit:** The Tenant shall pay RMB740,000 to the Landlord as security deposit.

**Monthly rental and monthly management fee:** Under the Lease Agreement, the monthly rental and monthly management fee for the period commencing from 1 June 2020 to 31 July 2022 shall be RMB370,000 and the monthly rental and monthly management fee for the period commencing from 1 August 2022 to 31 December 2024 shall increase to RMB396,600.

The Tenant is entitled to 1 month's rent-free period in June 2020.

The monthly rental and monthly management fee is determined with reference to the prevailing market rental of similar property in nearby locations.

**Gross floor area and usage:** 12,570 m<sup>2</sup> for factory or warehouse use

### **C. GEM LISTING RULES IMPLICATIONS**

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

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

### **D. REASONS FOR AND BENEFITS OF THE LEASE AGREEMENT**

As the Group completed relocation to the New Shenzhen Factory in December 2019 and that the Current Shenzhen Warehouse’s tenancy will expire on 31 May 2020, accordingly, the Group has been searching for a suitable venue as replacement near the New Shenzhen Factory. The New Shenzhen Warehouse is near the New Shenzhen Factory and the Group would save transportation cost and have better efficiency for having a warehouse near the New Shenzhen Factory. The Directors are of the view that the New Shenzhen Warehouse is a suitable venue as replacement for the Current Shenzhen Warehouse, and that the terms of the tenancy agreement are fair and reasonable.

### **E. DIRECTORS’ CONFIRMATIONS**

Based on the reasons for and benefits of the Lease Agreement as set out above, the Directors (including the independent non-executive Directors) are of the opinion that (1) the transaction under the Lease Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group; and (2) that the terms of the Lease Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

### **F. INFORMATION ON THE GROUP AND THE LANDLORD**

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

The Landlord is Shenzhen Bai Ma Jin An Technology Company Limited\* (深圳白馬金鞍科技有限公司), being a limited liability company established in the PRC. The Landlord is principally engaged in, among others, automatic vehicle washing service. To the best of the Directors’ knowledge, information and belief having all reasonable enquiry, the Landlord and its ultimate beneficial owner are Independent Third Parties.

## G. DEFINITIONS

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

“Board”	the board of Directors
“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 Warehouse”	Block#5, 9 & 10, Henggang Industrial Zone#228, Henggang Town, Longgang District, Shenzhen, Guangdong Province, the PRC
“Directors”	the directors of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM on the Stock Exchange
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Independent Third Party”	a party independent of and not connected with (within the meaning of the GEM Listing Rules) the Company and its connected persons
“Landlord”	Shenzhen Bai Ma Jin An Technology Company Limited* (深圳白馬金鞍科技有限公司), a limited liability company established in the PRC and is an Independent Third Party
“Lease Agreement”	the lease agreement entered into between the Tenant and the Landlord on 29 May 2020 for the lease of the New Shenzhen Warehouse
“New Shenzhen Factory”	the production site located at Ci Chang Road No. 8, Bao An Qu, Yuan Shan Jie Dao, Long Gang District, Shenzhen, Guangdong, the PRC* (中國廣東省深圳市龍崗區園山街道保安區賜昌路8號)
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan

“New Shenzhen Warehouse”	the property rented under the Lease Agreement, with details included in the section headed “Key Terms of the Lease Agreement” in this announcement
“Prosperous (SZ)” or “Tenant”	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
“Term”	1 June 2020 to 31 December 2024

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

\* *For identification purpose only*

Hong Kong, 29 May 2020

*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](http://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](http://www.prosperous-printing-group.com.hk).*