



**Prosperous Printing Company Limited**  
**萬里印刷有限公司**

(Incorporated in Hong Kong with Limited Liability)

Stock Code: 8385



**2023**

**THIRD QUARTERLY  
REPORT**

## **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.**

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*This report, for which the directors (each, a “**Director**”) of Prosperous Printing Company Limited (the “**Company**”, together with its subsidiaries, collectively, the “**Group**”) 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](http://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](http://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	5
Notes to the Condensed Consolidated Financial Statements	6
Management Discussion and Analysis	11
Other Information	15

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

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

### 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. Chen Kun (*Solicitor of HKSAR*)

## 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  
17/F, Far East Finance Centre  
16 Harcourt Road  
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

## AUDITOR

CWK CPA Limited  
21/F Cosco Tower  
No. 183 Queen's Road Central  
Hong Kong

## COMPANY'S WEBSITE

[www.prosperous-printing-group.com.hk](http://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 and nine months ended 30 September 2023, (together with the comparative unaudited figures for the corresponding periods in 2022), as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2023  
(Expressed in Hong Kong dollars) (“**HK\$**”)

	Note	Three months ended 30 September		Nine months ended 30 September	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
<b>Revenue</b>	4	<b>35,769</b>	46,431	<b>121,933</b>	154,665
Cost of sales		<b>(26,782)</b>	(29,188)	<b>(93,115)</b>	(113,628)
<b>Gross profit</b>		<b>8,987</b>	17,243	<b>28,818</b>	41,037
Other income		<b>6,070</b>	8,098	<b>12,909</b>	17,256
Distribution costs		<b>(1,402)</b>	(6,409)	<b>(11,023)</b>	(25,794)
Administration expenses		<b>(16,012)</b>	(12,509)	<b>(40,674)</b>	(44,096)
<b>Profit/(loss) from operations</b>		<b>(2,357)</b>	6,423	<b>(9,970)</b>	(11,597)
Finance costs		<b>(2,461)</b>	(1,907)	<b>(7,382)</b>	(4,800)
<b>Profit/(loss) before taxation</b>		<b>(4,818)</b>	4,516	<b>(17,352)</b>	(16,397)
Income tax credit/(expense)	5	<b>(129)</b>	21	<b>(263)</b>	(274)
<b>Profit/(loss) for the period</b>		<b>(4,947)</b>	4,537	<b>(17,615)</b>	(16,671)
<b>Other comprehensive expenses for the period, net of tax</b>					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations		<b>(1,750)</b>	(8,767)	<b>(4,812)</b>	(12,066)
<b>Total comprehensive loss for the period</b>		<b>(6,697)</b>	(4,230)	<b>(22,427)</b>	(28,737)
<b>Earnings/(loss) per share:</b>		<b>HK Cents</b>	HK Cents (Restated)	<b>HK Cents</b>	HK Cents (Restated)
Basic and diluted	6	<b>(5.86)</b>	5.67	<b>(21.61)</b>	(20.84)

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2023

(Expressed in Hong Kong dollars)

	Share capital HK\$'000	Exchange reserve HK\$'000	Capital reserve HK\$'000	Retained profits HK\$'000	Total equity HK\$'000
<b>Balance at 31 December 2021 and 1 January 2022 (audited)</b>	100,843	1,088	3,318	25,036	130,285
<b>Change in equity for the nine months ended 30 September 2022:</b>					
Loss for the period	–	–	–	(16,671)	(16,671)
Other comprehensive expenses for the period	–	(12,066)	–	–	(12,066)
<b>Balance at 30 September 2022 (unaudited)</b>	100,843	(10,978)	3,318	8,365	101,548
<b>Balance at 1 January 2023 (audited)</b>	<b>100,843</b>	<b>(11,737)</b>	<b>3,318</b>	<b>(34,619)</b>	<b>57,805</b>
<b>Change in equity for the nine months ended 30 September 2023:</b>					
Issue of shares	4,275	–	–	–	4,275
Loss for the period	–	–	–	(17,615)	(17,615)
Other comprehensive expense for the period	–	(4,812)	–	–	(4,812)
<b>Balance at 30 September 2023 (unaudited)</b>	<b>105,118</b>	<b>(16,549)</b>	<b>3,318</b>	<b>(52,234)</b>	<b>39,653</b>

# 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 Hong Kong Companies Ordinance. The shares of the Company were listed on the GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 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 quarterly financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange. It was authorised for issue on 14 November 2023.

This quarterly financial report has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

The preparation of this quarterly financial report requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This quarterly financial report included selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the financial performance of the Group since the 2022 annual financial statements. The quarterly financial results and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

The quarterly results are unaudited but have been reviewed by the audit committee of the Company.

The financial information relating to the financial year ended 31 December 2022 that is included in the quarterly financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Company's auditor has reported on those financial statements for the year ended 31 December 2022, and noted the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

## Going concern basis

The Group sustained a loss of approximately HK\$17,615,000 for the nine months ended 30 September 2023, and as of that date, the Group had net current liabilities of approximately HK\$121.8 million and bank loans and overdrafts amounting to approximately HK\$120.0 million which are due for repayment within one year. The Group's pledged bank deposits and cash at bank amounted to nil and approximately HK\$2.9 million respectively as at 30 September 2023. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

In order to improve the Group's financial position, the directors of the Company have undertaken and will implement various measures detailed as follows:

- (i) the directors of the Company have prepared and reviewed the Group's cash flows projections which included:
  - a) projecting revenue based on directors' experience and the business development of the Group, after taking into account of the current market conditions; and
  - b) estimating gross margin and cash settlement pattern with reference to the historical results.
- (ii) the Group will closely monitor its operations and implement cost control on operating costs and administrative expenses with an aim to attain positive and sustainable cash flow from operations;
- (iii) the Group has been actively negotiating with its bankers to renew or/and extend its existing banking facilities.
- (iv) the Group will dispose of certain properties; and
- (v) the Group will actively and regularly review its capital structure and source additional capital by raising new debt financing or, issuing new shares, where appropriate.

These interim financial report has been prepared on a going concern basis, the validity of which depends upon the successful implementation and outcome of the above measures to be undertaken by the Group. The directors of the Company are of the opinion that, taking into account the above measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the next twelve months from 30 September 2023.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this quarterly financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## 4. REVENUE

Revenue represents revenue arising from the sales of goods and provision of services.

An analysis of the Group's revenue for the period is as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15				
Sales of books and paper products	35,742	46,405	121,897	154,432
Provision of sub-contracting services in relation to books and paper products	27	26	36	233
	<b>35,769</b>	46,431	<b>121,933</b>	154,665

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 5. INCOME TAX

	Three months ended 30 September		Nine months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>INCOME TAX</b>				
Current tax — Hong Kong Profits Tax	147	(20)	147	274
Current tax — People's Republic of China ("PRC") Enterprise Income Tax	(18)	(1)	116	—
	129	(21)	263	274

- i) Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Provision for Hong Kong Profits Tax has been made for the period ended 30 September 2023 and 2022 respectively under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%.

- ii) Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiary is 25% for both periods.
- iii) The Group's subsidiaries in the BVI are not subject to taxation.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 6. EARNINGS/(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\$17,615,000 (nine months ended 30 September 2023: loss of HK\$16,671,000) and the weighted average number of ordinary shares in issue and basic and diluted loss per share were stated after taking into account the effect of the share consolidation in August 2023, whereby every 10 ordinary shares of the Company were consolidated into 1 consolidated share. Comparative figures have been retrospectively adjusted on the assumption that the above share consolidation had been effective in prior year.

### (b) Diluted earnings/(loss) per share

There were no dilutive potential ordinary shares during the nine months ended 30 September 2023 and 2022, and therefore, diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share.

## 7. DIVIDEND

The Board does not recommend the payment of dividend for the nine months ended 30 September 2023 (for the nine months ended 30 September 2022: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group is a provider of printing products to Hong Kong-based print brokers with customers in overseas markets and to international publishers mainly located in the United States of America (the “U.S.”), the United Kingdom (the “U.K.”), Australia and Europe (excluding U.K.). The products comprise mainly books and other paper-related products. Paper and ink are the principal raw materials of the Group. The two production sites were the factory in Shenzhen, the PRC (the “**Shenzhen Factory**”) and the factory in Hong Kong.

Each of these factories is a self-functioning printing and production arm of the Group, and they share the printing workload allocated by the management. The Group’s revenue decreased by approximately 21.2% from approximately HK\$154.7 million for the nine months ended 30 September 2022, to approximately HK\$121.9 million for the nine months ended 30 September 2023 due to decrease in sales order affected by overall global economy uncertainty. The Group recorded a loss of approximately HK\$17.6 million during the nine months ended 30 September 2023, as compared to a loss of approximately HK\$16.7 million during the nine months ended 30 September 2022, which was mainly due to decrease in sales. On the other hand, the Company recorded loss before tax of HK\$4.9 million for the three months ended 30 September 2023 as compared to profits before tax of HK\$4.5 million for the three months ended 30 September 2022.

For significant corporate actions during Reporting Period, please refer to the sections headed “Significant Investments, Material Acquisitions and Disposals and Future Plans For Significant Investments” and “Placing and Share Consolidation” in this quarterly report.

### FUTURE PROSPECTS

Looking forward, there are certain risks that the Group will face in further development such as challenges from the uncertainty of economies by reason of, among others, weak market demand, Russia-Ukraine conflict, the U.S.-China trade dispute, an increase in paper cost and technological advancements in publishing and new forms of information dissemination. However, the Group remains cautiously optimistic of the prospects and believe that the printing market will be sustainable in a steady and healthy way, and intend to continue to build the Group’s competitive strengths so as to increase market share and profitability. To achieve its goal, the Group plans to implement the following business strategies: improving its 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Revenue

The Group generates 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.). The revenue decreased by approximately 21.2% from approximately HK\$154.7 million for the nine months ended 30 September 2022, to approximately HK\$121.9 million for the nine months ended 30 September 2023 due to decrease in sales order affected by overall global economy uncertainty.

### Cost of sales

The cost of sales primarily consists of raw materials and consumables, staff costs, sub-contracting fees, depreciation and water and electricity. The cost of sales decreased by approximately 18.1% from approximately HK\$113.6 million for the nine months ended 30 September 2022 to approximately HK\$93.1 million for the nine months ended 30 September 2023 which is in line with the decrease in revenue.

### Gross profit and gross profit margin

The gross profit was approximately HK\$28.8 million and HK\$41.0 million for the nine months ended 30 September 2023 and 2022 respectively. The gross profit margin was 23.6% and 26.5% respectively. The decrease in gross profit was primarily due to the aggressive pricing policy and the decrease in the sales order due to overall global economy uncertainty.

### Other income

Other income mainly consists of the foreign exchange gain/loss, the profit arising from sales of paper and scrap materials, rental income and income received from government subsidies. The other income decreased by approximately 25.2% from approximately HK\$17.3 million for the nine months ended 30 September 2022 to approximately HK\$12.9 million for the nine months ended 30 September 2023 mainly due to the decrease in exchange gain recorded during the nine months ended 30 September 2023.

### Administrative expenses

Administrative expenses primarily consist of staff costs and benefits, directors' emoluments and depreciation. The administrative expenses decreased from approximately HK\$44.1 million during the nine months ended 30 September 2022 to HK\$40.7 million during the nine months ended 30 September 2023 mainly due to decrease in staff salaries and depreciation.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Finance costs

The Group recorded finance costs of approximately HK\$4.8 million during the nine months ended 30 September 2022 and HK\$7.4 million during the nine months ended 30 September 2023. The increase was mainly due to the increase in loan interest.

## Income tax

Income tax represents income tax paid or payable by the Group, at the applicable tax rates in accordance with the relevant laws and regulations in each tax jurisdiction the Group operates or domiciles. The Group had no tax payable in other jurisdiction other than Hong Kong and the PRC during the nine months ended 30 September 2022 and 2023. The 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%. The operations in the PRC are subject to an enterprise income tax rate of 25.0%. The Group recorded income tax of approximately HK\$0.3 million during the nine months ended 30 September 2023 (for the nine months ended 30 September 2022: HK\$0.3 million).

## Loss for the period

As a result of the foregoing, the nine months ended 30 September 2023 recorded loss of approximately HK\$17.6 million as compared to loss of approximately HK\$16.7 million during the nine months ended 30 September 2022, which was mainly due to lower sales and higher finance costs for the nine months ended 30 September 2023.

## SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS AND FUTURE PLANS FOR SIGNIFICANT INVESTMENTS OR CAPITAL ASSETS

As disclosed in the announcement of the Company dated 14 March 2023, the Group had disposed of machinery at the total consideration of RMB2,550,000 on 14 March 2023.

As disclosed in the announcements of the Company dated 21 April 2023, 11 May 2023 and 20 July 2023, the Group acquired 13% of the entire registered share capital of 廣州海健數字科技有限公司 (Guangzhou Hai Jian Digits Technology Company Limited) at the consideration of RMB1,050,000.

During the Current Period and save as disclosed, the Group does not have any other significant investments, nor any material acquisitions or disposals. As at period end date of the Current Period and save as disclosed, the Group does not have any other future plans for any significant investments or capital assets.

# MANAGEMENT DISCUSSION AND ANALYSIS

## PLACING AND SHARE CONSOLIDATION

As disclosed in the announcement dated 20 July 2023, the Company has allotted and issued 31,120,000 Consideration Shares to Vendor at the issue price of HK\$0.0386 per Share for settlement of the consideration of RMB1,050,000 for acquisition of 13% of the entire registered share capital of the Target Company under the General Mandate. Upon Completion, the Company is interested in 13% of the entire registered share capital of the Target Company and the remaining 87% of the registered share capital of the Target Company is owned by Vendor. Accordingly, the Target Company is not a subsidiary of the Group, and the financial results of the Target Company will not be consolidated into the financial statements of the Group. Total issued shares of the Company are 831,120,000 immediately upon completion of issue of shares on 19 July 2023.

As disclosed in the announcements dated 4 July 2023 and 24 July 2023, the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent conditionally agreed to place as the Company's placing agent on a best effort basis the Placing Shares up to 110,050,000 new Shares to not less than six Placees at the Placing Price of HK\$0.11 per Placing Share. The Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the AGM. As disclosed in the announcements dated 6 July 2023 and 24 July 2023, the Long Stop Date for Placing has been extended to 24 July 2023 and subsequently further extended to 14 August 2023. As disclosed in the announcement dated 14 August 2023, the Company completed placing of 38,860,000 Placing Shares at price of HK\$0.11 per share. Total issued shares of the Company are 869,980,000 immediately upon completion of issue of shares on 14 August 2023. The net proceeds from the placing are approximately HK\$4.08 million, which has been used for replenishing the working capital of the Group to support its business operations. The remaining proceeds amount to approximately HK\$1.2 million as of 30 September 2023.

As disclosed in the announcement dated 19 July 2023, the Company proposes to implement the Share Consolidation on the basis that every ten (10) issued Existing Shares be consolidated into one (1) Consolidated Share. The Share Consolidation has been approved at the EGM on 25 August 2023. With effect from 29 August 2023, the existing issued shares of 869,980,000 have been consolidated into 86,998,000 consolidated shares on the basis of every 10 existing shares consolidated into 1 consolidated share.

Save as disclosed above, there is no other change to share capital of the Company.

## SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Group has disposed of certain machineries, the details of which are set out in the announcements dated 27 October 2023.

There is no significant event of the Company after the reporting period.

## DIVIDEND

The Board does not recommend the payment of any dividend for the nine months ended 30 September 2023 (for the nine months ended 30 September 2022: Nil).

## OTHER INFORMATION

### CORPORATE GOVERNANCE PRACTICE

The Board is responsible for performing the corporate governance duties in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 15 to 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 nine months ended 30 September 2023, except the deviation from CG Code provision C.2.1 as set out below.

#### Chairman and Chief Executive Officer

Code provision C.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 38 years of experience in the printing industry. Mr. Lam established the Group through L & L Limited in December 1992. Since then he has been in charge of the overall business strategies and operation of the 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 C.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 nine months ended 30 September 2023.

### 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 nine months ended 30 September 2023. No share option was outstanding as at 30 September 2023.



## OTHER INFORMATION

### PURCHASE, SALE OR REDEMPTION OF THE SHARES

The Company has completed share placing and share consolidation, the details of which are set out in the section headed “Placing and Share Consolidation” in this quarterly report. Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Shares for the nine months ended 30 September 2023.

### DISCLOSURE OF INTERESTS

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

As at 30 September 2023, the Directors had the following interests and/or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV the Securities and Future Ordinance (Chapter 571 of the laws of Hong Kong) (the “SFO”)) which had to be notified to the 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, will be required to be notified to the Company and the Stock Exchange:

#### (i) Interests in the Company

Name of Director	Capacity	Number of Shares (Note 1)	Percentage of interest in the Company
Mr. Lam (Notes 2 & 4)	Interest of controlled corporation	48,000,000 (L)	55.17%
Ms. Yao (Notes 3 & 4)	Interest of spouse	48,000,000 (L)	55.17%

#### Notes:

1. The letter “L” denotes the person’s long positions in the Shares.
2. These 48,000,000 Shares are held by First Tech Inc. (“**First Tech**”), which is wholly and beneficially owned by Mr. Lam. As such, Mr. Lam is deemed to be interested in these 48,000,000 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.
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 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 30 September 2023, the Charged Shares represent 8.28% of the issued share capital of the Company. For further details, please refer to the announcement of the Company dated 12 October 2018.

## OTHER INFORMATION

### (ii) Interests in associated corporation of the 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	100.00%

Save as disclosed above, as at 30 September 2023, none of the Directors had any interests and/or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the 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 the Directors, as at 30 September 2023, the following persons (not being a Director or chief executive of the Company) had an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the 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 the Group:

Name of substantial shareholder	Capacity	Number of Shares (Note 1)	Percentage of interest in the Company
First Tech (Notes 2 & 3)	Beneficial owner	48,000,000 (L)	55.17%
Infinity Credits Co., Limited ("Infinity") (Note 4)	Person having security interest in the shares	7,200,000 (L)	8.28%

#### Notes:

- The letter "L" denotes the person's long positions in the Shares.
- First Tech is a company incorporated in the BVI which is wholly and beneficially owned by Mr. Lam, an executive Director.
- 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 Charged 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 30 September 2023, the Charged Shares represent 8.28% of the issued share capital of the Company. For further details, please refer to the announcement of the Company dated 12 October 2018.

## OTHER INFORMATION

4. Infinity is wholly owned by Infinity International Holding Limited which is in turn held by Zhao Zhisheng as to 50% and by Cheung Ting Kin as to 50%. Each of Infinity International Holding Limited, Zhao Zhisheng and Cheung Ting Kin is deemed to be interested in 8.28% issued share capital of the Company held by Infinity under SFO.

Save as disclosed above, so far as is known to the Directors, as at 30 September 2023, there are no other person (not being a Director or chief executive of the Company) who had an interest or a short position in the Shares or underlying shares which would fall to be disclosed to the 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 the 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.

## 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 and the nine months ended 30 September 2023. 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 and Executive Director*

Hong Kong, 14 November 2023

*As at the date of this report, 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.*