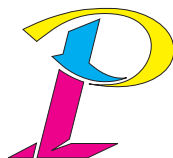


Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance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

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.



Prosperous Printing Company Limited

萬里印刷有限公司

(incorporated in Hong Kong with limited liability)

(Stock code: 8385)

SHARE TRANSACTION PROPOSED ACQUISITION OF 13% REGISTERED SHARE CAPITAL OF THE TARGET COMPANY INVOLVING ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE

THE PROPOSED ACQUISITION

On 21 April 2023 (after trading hours), the Company and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Company has agreed conditionally to purchase, the Sale Capital, representing 13% of the entire registered share capital of the Target Company, for a total consideration of RMB1,050,000 (equivalent to approximately HK\$1,200,000) which shall be settled by way of the allotment and issue of the Consideration Shares.

The 31,120,000 Consideration Shares represent approximately 3.89% of the existing issued share capital of the Company as at the date of this announcement and approximately 3.74% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares immediately after Completion, assuming that there will be no change in the total number of Shares in issue (other than the allotment and issue of the Consideration Shares) between the date of this announcement and the date of Completion.

The Consideration Shares will be allotted and issued pursuant to the General Mandate and is not subject to the approval of the Shareholders.

IMPLICATIONS UNDER THE GEM LISTING RULES

As all applicable percentage ratios in respect of the Proposed Acquisition are less than 5%, but the Consideration will be settled by way of the allotment and issue of the Consideration Shares, the Proposed Acquisition constitutes a share transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

Completion of the Proposed Acquisition is subject to fulfillment of the conditions referred to in the paragraph headed “Conditions Precedent” of this announcement. As the Proposed Acquisition may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

On 21 April 2023 (after trading hours), the Company and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Company has conditionally agreed to purchase, the Sale Capital, representing 13% of the entire registered share capital of the Target Company, which shall be settled by way of the allotment and issue of the Consideration Shares.

THE SALE AND PURCHASE AGREEMENT

Principal terms of the Sale and Purchase Agreement are set out below:

Date : 21 April 2023 (after trading hours)

Parties : (1) the Company, as purchaser; and
(2) Mr. Zeng, as vendor

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and the other shareholders of the Target Group are third parties independent of the Company and its connected persons.

Assets to be acquired : Pursuant to the Sale and Purchase Agreement, the Vendor has conditionally agreed to sell and the Company has conditionally agreed to purchase the Sale Capital, representing 13% of the entire registered share capital of the Target Company.

Consideration : The Consideration is in the sum of RMB1,050,000 (equivalent to approximately HK\$1,200,000), which shall be settled by way of the allotment and issue of 31,120,000 Consideration Shares by the Company to the Vendor after the Stock Exchange has granted approval for the listing of, and the permission to deal in, the Consideration Shares (such approval may only be subject to conditions as are customarily stipulated by the Stock Exchange for listing of shares) at Completion.

The Consideration was determined after arm's length negotiations between the Company and the Vendor on normal commercial terms taking into account of:

- (i) the prospects of the Target Group in the long term;
- (ii) the potential future earning capacity of the Target Group; and
- (iii) the preliminary valuation of the fair value of 13% equity interests of the Target Company, which equals to approximately 5.07% equity interests of the Liuzhou's Co., is approximately RMB1.0 million (equivalent to approximately HK\$1.2 million) as of 31 December 2022 as prepared by the Valuer adopting the market approach.

Based on the aforesaid, the Directors (including the independent non-executive Directors) are of the view that the Consideration is fair and reasonable and on normal commercial terms and that the entering into of the Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

Consideration Shares : An aggregate of 31,120,000 new Shares will be allotted and issued by the Company to the Vendor at the issue price of HK\$0.0346 per Share, credited as fully paid for the purpose of the settlement of the Consideration, which represents the average closing prices of the Shares as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day.

The issue price was arrived at after arm's length negotiations between the parties to the Sale and Purchase Agreement after taking into account, among others, the prevailing market price of the Shares, the financial performance of the Group and the current market conditions.

The Consideration Shares, being 31,120,000 new Shares in aggregate, represent:

- (i) 3.89% of the existing issued share capital of the Company as at the date of this announcement; and
- (ii) 3.74% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares, assuming no change in the total number of Shares in issue (other than the allotment and issue of the Consideration Shares) between the date of this announcement and the date of Completion.

The Consideration Shares will be issued by the Company under the General Mandate. The Consideration Shares, when allotted and issued, will rank *pari passu* in all respects with all the Shares then in issue.

An application will be made to the Stock Exchange by the Company for the listing of, and permission to deal in, the Consideration Shares.

Conditions Precedent : Completion of the Sale and Purchase Agreement is conditional in all respects upon fulfillment or waiver (as the case may be) of the following Conditions:

- (a) all necessary statutory governmental and regulatory approvals, consents, waivers, authorisation, registration and filings in connection with the transactions contemplated under the Sale and Purchase Agreement having been obtained, and each such approval, consent, waiver, authorization, registration and filing remaining entirely valid;
- (b) all necessary third party consents and waivers in connection with the transactions contemplated under the Sale and Purchase Agreement having been obtained and such consents and waivers remaining entirely valid;
- (c) the granting of approval by the Stock Exchange for the listing of, and the permission to deal in, the Consideration Shares which may only be subject to conditions as are customarily stipulated by the Stock Exchange for listing of shares, and such approval not having been revoked and the Company having obtained and completed all relevant consents and acts required under the GEM Listing Rules (the “**Listing Approval**”);

- (d) the Company being satisfied with the results of the Due Diligence Exercise;
- (e) the Vendor's Warranties remaining true and accurate and not misleading as if repeated at Completion and at all times between the date of the Sale and Purchase Agreement and the Completion Date;
- (f) the Company having obtained a valuation report issued by the Valuer that indicates the fair value of approximately 13% equity interests of the Target Company, which equals to approximately 5.07% equity interests of the Liuzhou's Co., is approximately RMB1.0 million (equivalent to approximately HK\$1.2 million) as of 31 December 2022; and
- (g) no material adverse change on the financial position, management, business or property, results of operations, legal or financing structure, business/development prospects or assets or liabilities of the Target Company or the Target Group taken as a whole or the transactions contemplated by the Sale and Purchase Agreement having occurred.

The Company may in its absolute discretion at any time waive any of the Conditions by notice in writing to the Vendor (other than the Condition (c)). The Vendor may in his absolute discretion at any time waive any of the Conditions (other than the Conditions (d), (e), (f) and (g)) by notice in writing to the Company.

If any of the Conditions have not been satisfied or waived by the Company or the Vendor (as the case maybe as set out above) on or before 5:00 p.m. on the Long Stop Date, the Sale and Purchase Agreement shall terminate immediately and be of no further effect and all the rights, obligations and liabilities of the parties under the Sale and Purchase Agreement will cease and determine (save for certain surviving provisions therein).

Completion : Completion of the Sale and Purchase Agreement shall take place on the Completion Date, being the 21st Business Day after fulfillment (or waiver where applicable) of all Conditions or such later date as may be agreed by the parties to the Sale and Purchase Agreement in writing.

Within five (5) Business Days from the date of the date of obtaining the Listing Approval, the Vendor shall (i) deliver to the Company all documents required under the laws of the PRC for the transfer of the Sale Capital; and (ii) procure the Target Company to submit to the relevant regulatory body all information and documents required for the industrial and commercial transfer registration and other necessary registration/filings under the laws of the PRC for the transfer of the Sale Capital (the “**Industrial and Commercial Transfer Registration**”).

Subject to the completion of the matters referred to the Industrial and Commercial Transfer Registration, the Company shall on the Completion Date deliver the Consideration Shares and thereafter procure its share registrars to register the Vendor as member(s) of the Company subject to the articles of association of the Company.

Upon Completion, the Company will be 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 will be owned by Vendor. Accordingly, the Target Company will not be accounted as a subsidiary of the Group.

First right for further acquisition : Subject to the Target Group having achieved the actual Consolidated Net Profit of not less than RMB3.0 million for the Relevant Period, the Company shall have the first right (but not obligation), exercisable in its sole and absolute discretion within the first year ending after the Relevant Period, to acquire not more than 13% of the then share capital of the Target Company at such consideration as may be further discussed and agreed between the parties to the Sale and Purchase Agreement (the “**First Right of Further Acquisition**”).

Vendor's Undertakings : The Vendor irrevocably and unconditionally undertakes to the Company, among others, that:-

- (a) he shall not directly or indirectly sell, transfer, assign or otherwise dispose of any of the Consideration Shares to any person without the prior written consent of the Company at any time prior to (i) the Company having exercised the First Right of Further Acquisition and such further acquisition having been completed in accordance with the applicable laws and regulations; or (ii) the Company having notified the Vendor that it elects not to exercise the First Right of Further Acquisition, whichever is later; and
- (b) the Company and/or any of its subsidiaries or holding companies shall not be required to provide any financial assistance (has the meaning ascribed to it under the GEM Listing Rules) to any of the Target Company and/or Liuzhou's Co.

The Vendor further undertakes with the Target Company and Company that, so long as the Company holds, directly or indirectly, any Sale Capital and for a period of three (3) years after cessation of the Company's holding of any of the Sale Capital, save and except for facilitating the ordinary course of business of the Target Group and/or with the prior written consent of the Company:

- (a) he will not in the countries where any Target Group carries on business, either on his own account or in conjunction with or on behalf of any person, firm or company, carry on or be engaged, concerned or interested directly or indirectly whether as shareholder, director, partner, agent or otherwise in carrying on any Business that is carried on by the Target Group then; and
- (b) he will procure and cause that his Affiliates will observe the restrictions contained in the foregoing provisions of this undertaking.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE GROUP

The existing and enlarged shareholding structure of the Company (i) as at the date of this announcement and (ii) immediately after the allotment and issue of the Consideration Shares are set out below:

Shareholders	As at the date of this announcement		Immediately after the allotment and issue of the Consideration Shares	
	Number of Shares	Approximate %	Number of Shares	Approximate %
FIRST TECH INC. (“First Tech”) (Note 1)	480,000,000	60	480,000,000	57.8
Vendor	–	–	31,120,000	3.74
Other Public Shareholders	320,000,000	40	320,000,000	38.5
Total	800,000,000	100	831,120,000	100

Notes:

1. First Tech is a company incorporated in the British Virgin Islands which is wholly and beneficially owned by Mr. Lam Sam Ming, an executive Director.

INFORMATION OF THE VENDOR AND THE TARGET GROUP

Mr. Zeng is the Vendor and the sole legal and beneficial owner of the entire registered share capital of the Target Company (including the Sale Capital). To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, Mr. Zeng has more than 20 years in the business and operation of PRC-listed companies and PRC-based conglomerates.

The Target Company is a company established in the PRC with limited liability on 9 June 2021 with registered capital of RMB5,000,000. As at the date of this announcement, it is wholly owned by Mr. Zeng. The Target Company is principally engaged in the business of internet data services, adverts design, agency; adverts publishment and advertising production. The Target Company also provides advertising services for food and beverage products. The principal investment of the Target Company is the Liuzhou’s Co.

The Liuzhou's Co is a company established in the PRC with limited liability on 9 December 2021 with registered capital of RMB100,000,000. As at the date of this announcement, it is owned as to (i) 39% by the Target Company; and (ii) 61% by an independent third party, which is ultimately owned by 柳州市人民政府國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of Liuzhou Municipal People's Government*). To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Liuzhou's Co is the sole organisation that has been authorised by the Liuzhou Municipal People's Government to operate the Liuzhou river snails rice noodles regional brand online platform in the city of Liuzhou. The Liuzhou's Co aims at establishing an exclusive e-commerce platform for Liuzhou features products; promoting the offline intelligent retail stores business; creating an integrated zone with the collection of different brands of Liuzhou river snail rice noodles and Liuzhou's culture; and introducing industrial finance so as to promote and facilitate the development of Liuzhou river snail rice noodles industry from various aspects.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Target Company had not recorded any revenue or profit for the two financial years immediately preceding the date of the Sale and Purchase Agreement.

REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION

The Group provides 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 United Kingdom ("U.K."), Australia and Europe (excluding U.K.). The Group's products comprise mainly books and other paper-related products.

Luosifen, or river snail rice noodles, a Chinese local food originated in the city of Liuzhou in Guangxi autonomous province, have become one of the top-selling items on e-commerce platforms in the PRC for the recent years. Having considered (i) the popularity of Liuzhou river snails rice noodles in the PRC, (ii) 61% of shares of the Liuzhou's Co are ultimately owned by 柳州市人民政府國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of Liuzhou Municipal People's Government*), (iii) an independent valuation report prepared by the Valuer in respect of the Target Company, and (iv) the overall business model, operations and prospects of the Target Group, while the Company will continue its existing business, the Directors consider it is beneficial for the Group to seek suitable investment opportunities from time to time to diversify its existing business portfolio and to maximize the return for the Company and its Shareholders as a whole.

While the Directors are aware that the allotment of the Consideration Shares will reduce the public shareholdings, the Directors consider that the impact of reduction in the public shareholding will not be significant, having taken into account that (i) the Consideration Shares shall constitute no more than 5% of the existing issued share capital of the Company and (ii) the Company will maintain sufficient public float as required under the GEM Listing Rules after the said allotment. The Directors believe that the Sale and Purchase Agreement and the Proposed Acquisition will enable the Group to diversify its existing business portfolio and the prospects of profit contribution from the Target Group will further improve the financial performance of the Group. The Directors consider that the Sale and Purchase Agreement is entered into after arm's length negotiation between the Company and the Vendor and the terms therein are on normal commercial terms and the Proposed Acquisition is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL MANDATE

The Consideration Shares will be issued under the General Mandate. Under the General Mandate, the Directors are allowed to allot, issue and deal with additional Shares not exceeding 20% of the aggregate nominal value of the issued share capital of the Company as at the date of granting of the General Mandate at the annual general meeting of the Company held on 20 May 2022. Up to the date of this announcement, no Share has been allotted or issued pursuant to the General Mandate. Accordingly, the issue of the Consideration Shares is not subject to any further approval of the Shareholders.

APPLICATION FOR LISTING OF THE CONSIDERATION SHARES

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares to be allotted and issued shall rank *pari passu* among themselves and with all Shares in issue on the Completion Date.

IMPLICATIONS UNDER THE GEM LISTING RULES

As all applicable percentage ratios in respect of the Proposed Acquisition are less than 5%, but the Consideration will be settled by way of the allotment and issue of the Consideration Shares, the Proposed Acquisition constitutes a share transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

Completion of the Proposed Acquisition is subject to fulfillment of the conditions referred to in the paragraph headed “Conditions Precedent” of this announcement. As the Proposed Acquisition may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms and expressions shall have the following meanings:

“Affiliate(s)”	any natural or legal person, company or legal entity (i) in which a Party, directly or indirectly, holds more than 50% of the shares or the voting rights or the actual decision-making power and/or (ii) which, directly or indirectly, holds more than 50% of the shares or the voting rights or the actual decision-making power in a party, and/or (iii) which is owned, directly or indirectly, through more than 50% of the shares or the voting rights, or is controlled by the same company that owns or controls a party
“Board”	the board of Directors
“Business”	means the business of the Liuzhou River Snails Rice Noodle regional brand full operations online platform agency in the PRC
“Business Day”	a day (not being a Saturday, Sunday or public holiday) on which banks generally are open for business in Hong Kong
“Company”	Prosperous Printing Company Limited (萬里印刷有限公司), a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed on GEM (stock code: 8385)
“Completion”	the completion of the Proposed Acquisition pursuant to the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	the 21st Business Day after fulfillment (or waiver where applicable) of all Conditions, or such later date as may be agreed by the parties to the Sale and Purchase Agreement in writing
“Conditions”	the conditions precedent of the Completion, details of which are set out in the paragraph headed “Conditions Precedent” of this announcement
“connected persons”	has the meaning ascribed to it in the GEM Listing Rules
“Consideration”	the total consideration payable by the Company to the Vendor for the Sale Capital, being RMB1,050,000 (equivalent to approximately HK\$1,200,000)

“Consideration Shares”	an aggregate of 31,120,000 new Shares to be allotted and issued by the Company to the Vendor at the issue price of HK\$0.0346 per Share, credited as fully paid for the purpose of the settlement of the Consideration
“Consolidated Net Profit”	the consolidated net profit after tax and extraordinary items of the Target Group (in the ordinary course of business and excluding profits arising from fair valuation adjustment and merger and acquisition) as shown and disclosed in its audited profit and loss accounts prepared by the auditors of the Target Group (as reviewed and approved by the auditors of the Company) complying with Hong Kong Financial Reporting Standards
“Director(s)”	the director(s) of the Company
“Due Diligence Exercise”	the due diligence investigation to be carried out by the Company on the business, assets, liabilities and financial position of the Target Group prior to Completion
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended or supplemented from time to time
“General Mandate”	the general and unconditional mandate granted to the Directors to allot, issue and deal with additional Shares not exceeding 20% of the aggregate nominal value of the issued share capital of the Company as at the date of granting of the General Mandate at the annual general meeting of the Company held on 20 May 2022
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	20 April 2023, being the trading day immediately prior to the date of the Sale and Purchase Agreement
“Liuzhou’s Co”	柳州市柳州螺螄粉產業服務股份有限公司 (Liuzhou City Liuzhou River Snails Rice Noodle Industry Service Co., Limited*), a company incorporated in the PRC with limited liability

“Long Stop Date”	three months from the date hereof (being 20 July 2023) or such later date as the parties to the Sale and Purchase Agreement may agree in writing
“Mr. Zeng”	曾小江 (Zeng Xiaojiang*), who is the sole registered legal and beneficial owner of the entire registered share capital of the Target Company (including the Sale Capital)
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“PRC GAAP”	Generally accepted accounting principles in PRC
“Proposed Acquisition”	the proposed acquisition of the Sale Capital pursuant to the terms and conditions of the Sale and Purchase Agreement
“Relevant Period”	the period of 12 months commencing on the Completion Date
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 21 April 2023, entered into between the Vendor and the Company in relation to the Proposed Acquisition
“Sale Capital”	13% of the entire registered share capital of the Target Company, which is legally and beneficially owned by the Vendor and to be sold to the Company under the Sale and Purchase Agreement
“Share(s)”	the ordinary shares of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	廣州海健數字科技有限公司 (Guangzhou Hai Jian Digits Technology Company Limited*), a company incorporated in the PRC with limited liability
“Target Group”	the Target Company and the Liuzhou’s Co

“Valuer”	an independent professional valuation firm namely Masterpiece Valuation Advisory Limited
“Vendor”	Mr. Zeng
“Vendor’s Warranties”	the warranties, representations and undertakings given by the Vendor under the Sale and Purchase Agreement, and “Vendor’s Warranty” means any of them
“%”	per cent

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

Hong Kong, 21 April 2023

As at the date of this announcement, the executive Directors are Mr. Lam Sam Ming, Ms. Chan Sau Po and Ms. Yao Yuan; and the independent non-executive Directors are Ms. Cheung Yin, Mr. Wong Hei Chiu and Mr. Leung Vincent Gar-Gene.

For the purpose of illustration only and unless otherwise stated, conversion of RMB into HK\$ in this announcement is based on the exchange rate of HK\$1.00 to approximately RMB0.88. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the Stock Exchange’s website at www.hkexnews.hk for at least 7 days from the date of its publication and on the Company’s website at www.prosperous-printing-group.com.hk.

** For identification purpose only*