



Prosperous Printing Company Limited
萬里印刷有限公司

(incorporated in Hong Kong with limited liability)
Stock Code: 8385



2021

FIRST QUARTERLY REPORT

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

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

This report will remain on the GEM website with the domain name of www.hkgem.com on the “Latest Company Announcement” page for at least 7 days from the date of publication and on the website of the Company at www.prosperous-printing-group.com.hk.



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

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
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

HONG KONG LEGAL ADVISOR

Jimmie K.S. Wong & Partners
Unit 3510, 35/F, Lippo Centre Tower Two
89 Queensway, Admiralty
Hong Kong

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 2021 (together with the comparative unaudited figures for the corresponding period in 2020) as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2021

	Note	Three months ended 31 March	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue	4	57,009	72,910
Cost of sales		(43,349)	(51,783)
Gross profit		13,660	21,127
Other income		2,158	2,447
Distribution costs		(4,237)	(4,651)
Administration expenses		(14,085)	(17,208)
Other operating expenses		—	(2,191)
Loss from operations		(2,504)	(476)
Finance costs		(1,589)	(1,840)
Loss before taxation		(4,093)	(2,316)
Income tax	5	(111)	(436)
Loss for the year		(4,204)	(2,752)
Attribution to:			
Equity shareholders of the Company		(4,204)	(2,752)
Non-controlling interests		—	—
Loss for the year		(4,204)	(2,752)
Loss per share:		HK cents	HK cents
Basic and diluted	6	(0.53)	(0.34)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2021

	Note	Three months ended 31 March	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Loss for the period		(4,204)	(2,752)
Other comprehensive expense 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 subsidiaries outside Hong Kong		(313)	(3,106)
Total comprehensive expense for the period		(313)	(3,106)
Attributable to:			
Equity shareholders of the Company		(4,517)	(5,858)
Non-controlling interests		—	—
Total comprehensive expense for the period		(4,517)	(5,858)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2021

	Attributable to equity shareholders of the Company				Total equity HK\$'000
	Share capital HK\$'000	Exchange reserve HK\$'000	Capital reserve HK\$'000	Retained profits HK\$'000	
Balance at 1 January 2020	100,843	(13,415)	3,318	208,946	299,692
Change in equity for 2020:					
Loss for the period	—	—	—	(2,752)	(2,752)
Other comprehensive expense for the period	—	(3,106)	—	—	(3,106)
Balance at 31 March 2020 (unaudited)	100,843	(16,521)	3,318	206,194	293,834
Balance at 31 December 2020 and 1 January 2021	100,843	(3,937)	3,318	108,123	208,347
Change in equity for 2021:					
Loss for the period	—	—	—	(4,204)	(4,204)
Other comprehensive expense for the period	—	(313)	—	—	(313)
Balance at 31 March 2021 (unaudited)	100,843	(4,250)	3,318	103,919	203,830

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 of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The quarterly financial report has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

This quarterly financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2020 annual financial statements. The condensed consolidated 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 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 2020 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 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

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 AND SEGMENT REPORTING

(a) Revenue

Revenue represents the amounts received and receivable from sales of books and paper products and provision of sub-contracting services, which are recognised at a point in time.

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	For the three months ended 31 March	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
Revenue arising from sales of books and paper products	57,009	70,853
Revenue arising from provision of sub-contracting services	—	2,057
	57,009	72,910

(b) 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 books and paper products production segment (refer to AR 2020).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. INCOME TAX

	For the three months ended 31 March	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
INCOME TAX		
Current tax — Hong Kong Profits Tax Provision for the year	111	156
Current tax — PRC Corporate Income Tax Provision for the year	—	280
	111	436

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

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

Pursuant to the rules and regulations of the British Virgin Islands, the Group is not subject to any income tax in the jurisdiction.

For the three months ended 31 March 2021 and 2020, Hong Kong Profits Tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. 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%. 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%.

6. LOSS PER SHARE

The calculation of loss per share is based on the loss attributable to ordinary equity shareholders of the Company of HK\$4,204,000 and HK\$2,752,000 for the three months ended 31 March 2021 and 2020 respectively and weighted average of 800,000,000 (2020: 800,000,000) ordinary shares of the Company in issue during the period.

There were no dilutive potential ordinary shares during the three months ended 31 March 2021 and 2020, and therefore, diluted loss per share is the same as the basic loss per share.

7. DIVIDEND

The Board does not recommend the payment of dividend for the three months ended 31 March 2021 (for the three months ended 31 March 2020: 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 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 Shenzhen Factory and the Hong Kong Factory. 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 21.8% from approximately HK\$72.9 million for the three months ended 31 March 2020, to approximately HK\$57 million for the three months ended 31 March 2021 due to decrease in sales order due to COVID-19 and overall global economic uncertainty. The Group recorded a net loss of approximately HK\$4.2 million during the three months ended 31 March 2021, as compared to a net loss of approximately HK\$2.8 million during the three months ended 31 March 2020, which was mainly due to decrease of sales orders and profit margin.

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, the U.S.-China trade dispute, an increase in paper cost and technological advancements in publishing and new forms of information dissemination. However, we remain 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 the 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.

In light of the breakout of respiratory illness caused by a novel coronavirus (“**COVID-19**”) since late-January 2020, the Group has implemented several measures including epidemic prevention and control, cancellation and rescheduling visits of customers in accordance with relevant national and local regulations on epidemic prevention and control, to ensure the health and safety of customers and employees. The Board pays great attention to the development of the COVID-19 and makes every effort on epidemic prevention and control and daily operation management. The Group is cautiously optimistic of the full-year performance in 2021.

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 decreased by approximately 21.8% from approximately HK\$72.9 million for the three months ended 31 March 2020, to approximately HK\$57 million for the three months ended 31 March 2021. The decrease was primarily due to the decrease in sales orders due to COVID-19 and overall global economic uncertainty.

MANAGEMENT DISCUSSION AND ANALYSIS

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 16.2% from approximately HK\$51.8 million for the three months ended 31 March 2020 to approximately HK\$43.3 million for the three months ended 31 March 2021. The decrease was primarily attributable to the decrease in revenue.

Gross profit and gross profit margin

The gross profit was approximately HK\$21.1 million and HK\$13.7 million for the three months ended 31 March 2020 and 2021 respectively. The decrease in gross profit primarily due to the decrease in the sales order. The gross profit margin was 28.9% and 23.9% during the three months ended 31 March 2020 and 2021 respectively. The gross profit margin decreased because of increase in the costs of sales which was driven by the increase in the average cost of paper used.

Other income

Other income mainly consists of the foreign exchange gain/loss, the profit arising from sales of scrap materials and government grants. The other income decreased by approximately 11.8% from approximately HK\$2.4 million for the three months 31 March 2020 to HK\$2.2 million for the three months ended 31 March 2021. The decrease was due to foreign exchange loss which is greater than the government grant.

Other expenses

Our other operating expenses amounted to HK\$2.2 million for the three months ended 31 March 2020 which was mainly due to expenses relating to relocation of Shenzhen Factory recorded as other operating expenses during the three months ended 31 March 2020 and professional fee for the Group's proposed transfer from GEM to Main Board of the Stock Exchange. The operating expenses decreased to nil for the three months ended 31 March 2021.

Administrative expenses

Administrative expense primarily consists of staff costs and benefits, directors' emoluments and depreciation. The administrative expenses decrease by approximately 18.1% from approximately HK\$17.2 million for the three months ended 31 March 2020 to HK\$14.1 million for the three months ended 31 March 2021 mainly due to decrease in staff costs and office expenses such as printing and stationery, telephone expenses as well as utilities expenses.

Finance costs

The Group recorded finance costs of approximately HK\$1.6 million for the three months ended 31 March 2021 and HK\$1.8 million for the three months ended 31 March 2020. The finance costs remain stable for the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

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 for the three months ended 31 March 2021. 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 a corporate income tax rate of 25.0%. The Group recorded income tax of approximately HK\$0.4 million for the three months ended 31 March 2020 and approximately HK\$0.1 million for the three months ended 31 March 2021. The decrease was primarily due to decrease in provision of PRC Corporate Income Tax due to the decrease in sales order during the reporting period.

(Loss)/Profit for the year

As a result of the foregoing, the three months ended 31 March 2021 recorded a loss of approximately HK\$4.2 million as compared to loss of HK\$2.8 million for the three months ended 31 March 2020, which was mainly due to decrease in sales orders and decrease in profit margin due to COVID-19 and overall global economic uncertainty.

EVENTS AFTER THE REPORTING PERIOD

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

DIVIDEND

The Board does not recommend the payment of dividend for the three months ended 31 March 2021 (for the period ended 31 March 2020: 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 2021, 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 37 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 2021.

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 2021. No share option was outstanding as at 31 March 2021.

OTHER INFORMATION

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 2021.

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 2021, 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:

1. The letter "L" denotes the person's long positions in the Shares.
2. These 480,000,000 Shares are held by First Tech, which is wholly and beneficially owned by Mr. Lam. As such, Mr. Lam is deemed to be interested in these 480,000,000 Shares under the SFO.
3. Ms. Yao is the spouse of Mr. Lam. Under the SFO, Ms. Yao is deemed to be interested in the same number of Shares in which Mr. Lam is interested.
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 2021, 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.

OTHER INFORMATION

(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 2021, 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.

(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 2021, 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)	Beneficial owner	120,000,000 (L)	15%
Infinity Credits Co., Limited (Note 5)	Person having security in interest in the Shares	192,080,000 (L)	24%

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.
- 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.

OTHER INFORMATION

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 2021, 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.
5. Infinity Credits Co., Limited (“**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 192,000,000 shares of the Company held by Infinity under SFO. As of 31 March 2021, First Tech and Fine Time pledged 9% and 15% issued shares in favour of in the Company Infinity respectively.

Save as disclosed above, so far as is known to our Directors, as at 31 March 2021, 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.

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 2021. 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 2021

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.