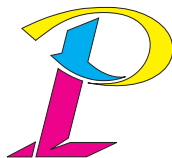


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Prosperous Printing Company Limited

萬里印刷有限公司

(incorporated in Hong Kong with limited liability)

(Stock code: 8385)

TERMINATION OF THE RIGHTS ISSUE AND THE UNDERWRITING AGREEMENT AND RESUMPTION OF TRADING

The Board would like to announce that in view of the prevailing market conditions, in particular the recent volatility of the financial market since the announcement of the Rights Issue on 29 December 2021, the sentiment of the investors and the uncertainty of the global macroeconomic environment, on 28 March 2022 (after trading hours), the Company and the Underwriter mutually agreed to terminate the Underwriting Agreement with immediate effect (the “**Termination**”). The Underwriting Agreement is therefore terminated and is of no further effect and neither party shall be under any liability to the other party in respect of the Underwriting Agreement. As at the date of this announcement, no securities have been issued by the Company under the Rights Issue. Accordingly, the Rights Issue will not proceed and the Rights Issue will lapse.

At the time when the Rights Issue was announced on 29 December 2021, the Directors expected that the substantial discount of the Subscription Price to the then Share prices would encourage the public Shareholders to take up their entitlements so as to maintain their respective shareholdings in the Company, thereby minimising the potential dilution effect. However, taking into account that (i) the unexpected low subscription level of the Rights Issue by the public Shareholders; (ii) completion of the Rights Issue will result in a substantive dilution to the existing public Shareholders; and (iii) the Group has been implementing certain measures to manage its liquidity needs, including but not limited to (a) actively discussing with its bankers to timely renew or extend its existing banking facilities; and (b) seeking opportunities to dispose certain of the Group’s properties, the Directors considered that it would not be in the best interest of the Shareholders to proceed with the Rights Issue. Coupled with the prevailing volatile and uncertain market conditions as mentioned above, the Company and the Underwriter mutually agreed to terminate the Underwriting Agreement.

After the Latest Time for Acceptance, the Company and the Underwriter had been in discussion with each other regarding the subscription level of the Rights Issue and a potential termination of the Underwriter Agreement. At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:00 a.m. on 28 March 2022 pending the release of this announcement which was considered by the Board as a material information to the Shareholders. An application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 29 March 2022.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

Reference is made to the announcement of the Company dated 29 December 2021, the circular of the Company dated 26 January 2022 and the prospectus of the Company dated 10 March 2022 (the “**Prospectus**”) in relation to the Rights Issue on the basis of three (3) Rights Shares for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price of HK\$0.044 per Rights Share. Terms used herein shall have the same meanings as those defined in the Prospectus unless otherwise expressly stated or the context otherwise requires.

TERMINATION OF THE RIGHTS ISSUE AND THE UNDERWRITING AGREEMENT

The Board would like to announce that in view of the prevailing market conditions, in particular, the recent volatility of the financial market since the announcement of the Rights Issue on 29 December 2021, the sentiment of the investors and the uncertainty of the global macroeconomic environment, on 28 March 2022 (after trading hours), the Company and the Underwriter mutually agreed to terminate the Underwriting Agreement with immediate effect (the “**Termination**”). The Underwriting Agreement is therefore terminated and is of no further effect and neither party shall be under any liability to the other party in respect of the Underwriting Agreement. As at the date of this announcement, no securities have been issued by the Company under the Rights Issue. Accordingly, the Rights Issue will not proceed and the Rights Issue will lapse.

At the time when the Rights Issue was announced on 29 December 2021, the Directors expected that the substantial discount of the Subscription Price to the then Share prices would encourage the public Shareholders to take up their entitlements so as to maintain their respective shareholdings in the Company, thereby minimising the potential dilution effect. However, taking into account that (i) the unexpected low subscription level of the Rights Issue by the public Shareholders; (ii) completion of the Rights Issue will result in a substantive dilution to the existing public Shareholders; and (iii) the Group has been implementing certain measures to manage its liquidity needs, including but not limited to (a) actively discussing with its bankers to timely renew or extend its existing banking facilities; and (b) seeking opportunities to dispose certain of the Group’s properties, the Directors considered that it would not be in the best interest of the Shareholders to proceed

with the Rights Issue. Coupled with the prevailing volatile and uncertain market conditions as mentioned above, the Company and the Underwriter mutually agreed to terminate the Underwriting Agreement.

As disclosed in the Prospectus, if the Rights Issue cannot proceed, the Group may not have sufficient working capital for its business for the next twelve months. As a result of the Termination, the Group will continue to (i) pay close attention to its operations and make good use of its resources with an aim to attain positive and sustainable cash flow from operations; (ii) put extra efforts on collecting its trade and other receivables; (iii) seek for opportunities to dispose certain of the Group's properties; (iv) actively discuss with its bankers to timely renew or extend its existing banking facilities; and (v) actively review its capital structure and source additional capital by raising new debt financing, issuing new shares and/or selling the Group's properties to develop its businesses and finance its operations, as and when appropriate.

REFUND CHEQUES

It is expected that refund cheques in respect of the applications for Rights Shares and Excess Rights Shares will be despatched by ordinary post to those entitled thereto, without interest, at their own risk on or before 1 April 2022.

RESUMPTION OF TRADING

After the Latest Time for Acceptance, the Company and the Underwriter had been in discussion with each other regarding the subscription level of the Rights Issue and a potential termination of the Underwriter Agreement. At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:00 a.m. on 28 March 2022 pending the release of this announcement which was considered by the Board as a material information to the Shareholders. An application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 29 March 2022.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

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

Hong Kong, 28 March 2022

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.

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 (“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 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.