



Prosperous Printing Company Limited
萬里印刷有限公司

(Incorporated in Hong Kong with Limited Liability)

Stock Code: 8385

2025

Interim Report

CONTENTS

| | |
|--|----|
| Corporate Information | 2 |
| Highlights | 3 |
| Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income | 4 |
| Condensed Consolidated Statement of Financial Position | 5 |
| Condensed Consolidated Statement of Changes in Equity | 7 |
| Condensed Consolidated Statement of Cash Flows | 8 |
| Notes to the Condensed Consolidated Financial Statements | 9 |
| Management Discussion and Analysis | 17 |
| Other Information | 22 |

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED

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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, 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 report.

*This report, for which the directors (the “**Directors**”) of Prosperous Printing Company Limited (the “**Company**” together with its subsidiaries, collectively, the “**Group**”) 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 Listed Company Information” 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.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Lam Sam Ming (*Chairman*)
Ms. Yao Yuan
Ms. Chan Sau Po
Ms. Xu Yuling
Mr. Lu Wei

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

HONG KONG LEGAL ADVISOR

JT&N (Hong Kong)

AUDITOR

CWK CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditor
Unit 2110-2111, 21/F, Cosco Tower
183 Queen's Road Central
Central
Hong Kong

COMPANY'S WEBSITE

www.prosperous-printing-group.com.hk

STOCK CODE

8385

HIGHLIGHTS

HIGHLIGHTS

- The revenue of the Group was approximately HK\$1.2 million for the Current Period representing a decrease of approximately 97.2% from approximately HK\$43.5 million for the Prior Period. Such decrease was mainly due to decline in customer orders as a result of the closure of Shenzhen Factory in May 2024 as well as the Huizhou Factory only obtained the printing licence in May 2025.
- The Group recognized gross loss of approximately HK\$51,000 for the Current Period while the Group recognized gross profit of approximately HK\$3.7 million for the Prior Period.
- The loss for the period was approximately HK\$26.4 million for the Current Period, as compared to the net loss of approximately HK\$29.5 million recorded for the Prior Period.
- The Board does not recommend the payment of an interim dividend for the Current Period (for the Prior Period: nil).

The board of Directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2025 (the “**Current Period**”) (together with the comparative unaudited figures for the six months ended 30 June 2024 (the “**Prior Period**”)) as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

| | Notes | Six months ended 30 June | |
|--|-------|---------------------------------|---------------------------------|
| | | 2025 HK\$'000 (Unaudited) | 2024 HK\$'000 (Unaudited) |
| Revenue | 4 | 1,232 | 43,495 |
| Cost of sales | | (1,283) | (39,753) |
| Gross (loss)/profit | | (51) | 3,742 |
| Other income | 5 | 127 | 1,354 |
| Distribution costs | | (304) | (4,414) |
| Administration expenses | | (14,537) | (27,031) |
| Loss from operations | | (14,765) | (26,349) |
| Finance costs | | (11,630) | (3,039) |
| Loss before taxation | | (26,395) | (29,388) |
| Income tax | 6 | – | (76) |
| Loss for the period | | (26,395) | (29,464) |
| Other comprehensive (expense)/income for the period, net of tax | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Exchange differences arising on translation of foreign operations | | (26,361) | 4,147 |
| Total comprehensive expense for the period | | (52,756) | (25,317) |
| Loss per share: | | HK cents | HK cents |
| Basic and diluted | 7 | (28.72) | (35.65) |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Notes | 30 June 2025 HK\$'000 (Unaudited) | 31 December 2024 HK\$'000 (Audited) |
|---|-------|--|--|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 9 | 37,428 | 92,166 |
| Investment properties | | 42,361 | 43,935 |
| Investment in joint venture | | 1,015 | – |
| Financial assets at fair value through other comprehensive income | | 1,201 | 1,201 |
| | | 82,005 | 137,302 |
| Current assets | | | |
| Trade and other receivables | 10 | 18,470 | 20,288 |
| Cash and cash equivalents | | 19 | 849 |
| | | 18,489 | 21,137 |
| Total assets | | 100,494 | 158,439 |
| EQUITY | | | |
| Capital and reserves | | | |
| Share capital | | 108,490 | 108,490 |
| Deficits | | (170,396) | (117,640) |
| Total equity | | (61,906) | (9,150) |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Notes | 30 June 2025 HK\$'000 (Unaudited) | 31 December 2024 HK\$'000 (Audited) |
|-------------------------------------|-------|--|--|
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Loan from a shareholder | | 4,970 | 4,970 |
| Deferred tax liabilities | | 7,269 | 7,269 |
| | | 12,239 | 12,239 |
| Current liabilities | | | |
| Trade and other payables | 11 | 14,532 | 29,822 |
| Bank loans and overdrafts | | 118,921 | 107,580 |
| Amount due to a shareholder | | 16,266 | 16,859 |
| Lease liabilities | | – | 610 |
| Income tax payable | | 442 | 479 |
| | | 150,161 | 155,350 |
| Total liabilities | | 162,400 | 167,589 |
| Total equity and liabilities | | 100,494 | 158,439 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

| | Share capital HK\$'000 | Exchange reserve HK\$'000 | Statutory surplus reserve HK\$'000 | Capital reserve HK\$'000 | Retained profits/ Accumulated losses HK\$'000 | Total |
|---|------------------------------|---------------------------------|---|--------------------------------|---|----------|
| Balance at 1 January 2024 | 106,319 | (17,795) | 5,125 | 3,318 | (62,706) | 34,261 |
| Changes in equity for the six months ended 30 June 2024: | | | | | | |
| Loss for the period | – | – | – | – | (29,464) | (29,464) |
| Other comprehensive expense for the period | – | 4,147 | – | – | – | 4,147 |
| Balance at 30 June 2024 (unaudited) | 106,319 | (13,648) | 5,125 | 3,318 | (92,170) | 8,944 |
| Balance at 1 January 2025 | 108,490 | (17,770) | 5,125 | 3,318 | (108,313) | (9,150) |
| Changes in equity for the six months ended 30 June 2025: | | | | | | |
| Loss for the period | – | – | – | – | (26,395) | (26,395) |
| Other comprehensive expense for the period | – | (26,361) | – | – | – | (26,361) |
| Balance at 30 June 2025 (unaudited) | 108,490 | (44,131) | 5,125 | 3,318 | (134,708) | (61,906) |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

| | Six months ended 30 June | |
|--|---------------------------------|---------------------------------|
| | 2025 HK\$'000 (Unaudited) | 2024 HK\$'000 (Unaudited) |
| Net cash used in operating activities | (3,086) | (1,874) |
| Investing activities | | |
| Proceeds from disposal of property, plant and equipment | 1,105 | 346 |
| Interest received | – | 39 |
| Net cash from investing activities | 1,105 | 385 |
| Financing activities | | |
| Proceeds from new bank loans | 2,000 | 34,500 |
| Repayment of bank loans | (695) | (26,640) |
| Capital element of lease rentals paid | (101) | (4,479) |
| Interest element of lease rentals paid | (6) | (593) |
| Bank interest paid | (745) | (3,039) |
| Net cash from/(used) in financing activities | 453 | (251) |
| Net decrease in cash and cash equivalents | (1,528) | (1,740) |
| Cash and cash equivalents at 1 January | (10,669) | (8,909) |
| Cash and cash equivalents at 30 June | (12,197) | (10,649) |
| Analysis of balance of cash and cash equivalents | | |
| Bank balances and cash | 19 | 644 |
| Less: Bank overdrafts included in bank loans and overdrafts under current liabilities | (12,216) | (11,293) |
| Cash and cash equivalents as stated in the condensed consolidated statements of cash flows | (12,197) | (10,649) |

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 interim 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 interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

This interim 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 2024 annual financial statements. The condensed consolidated interim financial statements 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 interim 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 2024 that is included in the interim 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 2024 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONTINUED)

Going concern basis

The Group sustained a loss of approximately HK\$26,395,000 for the six months ended 30 June 2025, and as of that date, the Group had net current liabilities of approximately HK\$131,672,000 and bank loans and overdrafts amounting to approximately HK\$118,921,000 which are due for repayment within one year. The Group's bank balance and cash amounted to approximately HK\$19,000 as at 30 June 2025. 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 Group will actively explore and look for other opportunities to expand and diversify the income streams of the Group;
- (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;
- (v) the Group has obtained the letter of continual financial support from Mr. Lam Sam Ming (Director and controlling shareholder of the Company);
- (vi) the Group has obtained new bank loans of approximately HK\$2 million; and
- (vii) 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 June 2025.

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 interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. REVENUE AND SEGMENT REPORTING

(a) Revenue

Revenue represents revenue arising from sales of goods and provision of services. An analysis of the Group's revenue for the period is as follows:

(i) Disaggregation of revenue

| | Six months ended 30 June | |
|---|--------------------------|-------------|
| | 2025 | 2024 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Revenue from contracts with customers within the scope of HKFRS 15: | | |
| – Sales of books and paper products | 1,232 | 41,013 |
| – Provision of sub-contracting services in relation to books and paper products | – | 2,482 |
| | 1,232 | 43,495 |

Disaggregation of revenue from contracts with customers by timing of recognition:

| | Six months ended 30 June | |
|--|--------------------------|-------------|
| | 2025 | 2024 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Timing of revenue recognition at a point in time | 1,232 | 43,495 |

Disaggregation of revenue from contracts with customers by geographical areas is disclosed in Note 4(b).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting

Information reported to the board of directors of the Company, being the Group's chief operating decision makers ("CODM"), for the purpose of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The CODM has determined that it only has one operating segment which is books and paper products production segment.

(i) Information about geographical areas

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location of external customers.

| | Six months ended 30 June | |
|-------------------------------|--------------------------|-------------|
| | 2025 | 2024 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Hong Kong (place of domicile) | 1,051 | 23,782 |
| Mainland China | – | 2,482 |
| United States | 181 | 16,920 |
| United Kingdom | – | 311 |
| | 1,232 | 43,495 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. OTHER INCOME

| | Six months ended 30 June | |
|---|--------------------------|-------------|
| | 2025 | 2024 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Bank interest income | – | 39 |
| Profit arising from sales of scrap materials | – | 431 |
| Government grants – PRC government subsidies | – | 176 |
| Gain on disposal of property, plant and machine and equipment | – | 346 |
| Net foreign exchange gain/(loss) | 1 | (32) |
| Rental income | – | 274 |
| Sundry income | 126 | 120 |
| | 127 | 1,354 |

6. INCOME TAX

| | Six months ended 30 June | |
|---------------------------------|--------------------------|-------------|
| | 2025 | 2024 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Current tax | | |
| Hong Kong Profits Tax | | |
| – Current period | – | 76 |
| PRC Corporate Income Tax | | |
| – Current period | – | – |
| Deferred tax | – | – |
| | – | 76 |

- 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 June 2025 and 2024 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

7. 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 approximately HK\$26,395,000 (six months ended 30 June 2024: loss of approximately HK\$29,464,000) and the weighted average of 104,388,000 (six months ended 30 June 2024: 82,659,000) ordinary shares of the Company in issue during the interim period.

(b) Diluted loss per share

There were no dilutive potential ordinary shares during the six months ended 30 June 2025 and 2024, and therefore, diluted loss per share is the same as the basic loss per share.

8. DIVIDENDS

The Board does not recommend the payment of dividend for the six months ended 30 June 2025 (for the six months ended 30 June 2024: Nil).

9. PROPERTY, PLANT AND EQUIPMENT

(a) Acquisitions and disposals of owned assets

During the six months ended 30 June 2025, machine with carrying amount of HK\$2,051,000 were disposed resulting in loss on disposal of HK\$946,000.

During the six months ended 30 June 2024, machine with carrying amount of zero were disposed resulting in a gain on disposal of HK\$346,000.

10. TRADE AND OTHER RECEIVABLES

| | 30 June 2025 HK\$'000 (Unaudited) | 31 December 2024 HK\$'000 (Audited) |
|---|--|--|
| Trade receivables | 128,840 | 129,213 |
| Less: impairment loss | (112,519) | (112,519) |
| Trade receivable, net of loss allowance | 16,321 | 16,694 |
| Other receivables | 2,043 | 3,488 |
| Utility and other deposits | 106 | 106 |
| | 18,470 | 20,288 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

An ageing analysis of the trade receivables as at the end of the reporting period based on the invoice date and net of loss allowance, is as follows:

| | 30 June 2025 HK\$'000 (Unaudited) | 31 December 2024 HK\$'000 (Audited) |
|----------------|--|--|
| Within 1 month | 156 | 288 |
| 1 to 3 months | 684 | 1,934 |
| 3 to 6 months | 1,027 | 851 |
| 6 to 12 months | 2,222 | 835 |
| Over 1 year | 12,232 | 12,786 |
| | 16,321 | 16,694 |

Trade receivables are normally due within 180 days from the date of billing.

11. TRADE AND OTHER PAYABLES

| | 30 June 2025 HK\$'000 (Unaudited) | 31 December 2024 HK\$'000 (Audited) |
|-----------------------------|--|--|
| Trade payables | 6,543 | 19,152 |
| Other payables and accruals | 7,989 | 10,670 |
| | 14,532 | 29,822 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. TRADE AND OTHER PAYABLES (CONTINUED)

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

| | 30 June 2025 HK\$'000 (Unaudited) | 31 December 2024 HK\$'000 (Audited) |
|----------------|--|--|
| Within 1 month | – | 1,764 |
| 1 to 3 months | – | 63 |
| 3 to 6 months | – | 3,585 |
| 6 to 12 months | 5,412 | 6,163 |
| Over 1 year | 1,131 | 7,577 |
| | 6,543 | 19,152 |

12. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 "Fair value measurement". The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND FUTURE PROSPECTS

The Group is a provider of printing products to Hong Kong-based print brokers with customers in overseas markets and to international publishers. The products comprise mainly books and other paper-related products. Paper and ink are the principal raw materials of the Group. The Group's revenue decreased by approximately 97.2% from approximately HK\$43.5 million for the Prior Period, to approximately HK\$1.2 million for the Current Period due to decrease in sales order as a result of the closure of Shenzhen Factory in May 2024 as well as Huizhou Factory only obtained the printing licence in May 2025. The Group recorded a net loss of approximately HK\$26.4 million during the Current Period, as compared to a net loss of approximately HK\$29.5 million during the Prior Period, which was mainly due to decrease of administration expenses.

The Group's Shenzhen Factory has discontinued operation in June 2024. For details, please refer to the announcement dated 31 May 2024 and 19 June 2024.

The Group's Hong Kong Factory discontinued operation as the site of operation has been surrendered to a commercial bank, the details of which are set out in the announcement dated 11 November 2024. After delivery of vacant possession, the Group intends to maintain office in Hong Kong and allocate all the customer orders to Huizhou Factory (as defined in the announcement dated 30 October 2024) which was partially owned by the Group through joint venture arrangement as disclosed in the announcement dated 30 October 2024, and/or other sub-contractors in mainland PRC.

The remaining business operation of the Group after Shenzhen Factory's discontinuance ("Remaining Group") will continue to be principally engaged in the business of provision of printing services, while the Remaining Group will switch part of its business model from self-production through its own factory in PRC to outsourcing printing and binding to Huizhou Factory or other external sub-contractors in PRC. As disclosed in the announcement dated 30 October 2024, the Company and JV Party entered into JV Agreement with respect to the Huizhou Factory. As disclosed in the announcement dated 29 November 2024, the Huizhou Factory has commenced operation and has received sub-contracting orders for binding from the Group. In May 2025, the Huizhou Factory obtained the printing licence for printing. The Remaining Group remain responsible for design, color match, sample printing check, quality check and logistic.

Looking forward, the Group will strive to maintain its operation by adapting a streamlined business model through the Huizhou Factory and other subcontractors. However, the business environment remains challenging, and 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 global economy uncertainty, Russia-Ukraine war, the U.S.-China trade dispute, technological advancements in publishing and new forms of information dissemination. The Group was established in Hong Kong in 1992 and had a long established presence in printing industry, and will strive to take advantage of its competitiveness such as adherence to international standards, strong and stable project management skills so as to source orders from overseas customers which can be undertaken by factory in mainland of PRC and outsource its printing and binding to Huizhou Factory or other sub-contractors in mainland of PRC which the Group maintain responsible for design, quality control and logistics for a profit margin, which the Company believes will significantly reduce the Company's fixed overhead costs in order to improve its cashflow. On the other hand, the Company will explore and look for other opportunities in more technologically advanced printing and relevant printing business, media services and product range, so as to expand and diversify the income streams of the Group. In order to be in line with the Group's business model, the Company will seek for additional technologically advanced printing factories for cooperation.

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. The revenue decreased by approximately 97.2% from approximately HK\$43.5 million for the Prior Period, to approximately HK\$1.2 million for the Current Period. The decrease was primarily due to decrease in sales order as a result of closure of Shenzhen Factory in May 2024 as well as Huizhou Factory only obtained the printing licence in May 2025.

Cost of sales

The cost of sales primarily consists of raw materials and consumables, staff costs, sub-contracting fees and water and electricity. The cost of sales decreased by approximately 96.8% from approximately HK\$39.8 million for the Prior Period to approximately HK\$1.3 million for the Current Period. The decrease was primarily attributable to the decrease in revenue and as a result of the decrease in customer order.

Gross profit (loss) and gross profit (loss) margin

The gross loss was approximately HK\$51,000 for the Current Period, while the gross profit was approximately HK\$3.7 million for the Prior Period. The decrease in gross profit was mainly due to the decrease in sales order.

Other income

Other income decreased by approximately 90.6% from approximately HK\$1.4 million for the Prior Period to approximately HK\$127,000 for the Current Period. The decrease was due to the one-off income recognized in the Prior Period in relation to the sales of scrap materials, disposal of property, plant and machine and equipment, the government grant and the rental income.

Distribution costs

The Group recorded distribution expenses of approximately HK\$304,000 for the Current Period and approximately HK\$4.4 million for the Prior Period. The decrease was due to the decrease in sales order.

Administrative expenses

The administrative expenses decrease by approximately 46.2% from approximately HK\$27.0 million for the Prior Period to HK\$14.5 million for the Current Period. The decrease was due to the decrease in staff cost and benefits and the directors' emoluments.

Finance costs

The Group recorded finance costs of approximately HK\$11.6 million for the Current Period and approximately HK\$3.0 million for the Prior 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 recorded income tax of approximately HK\$0.1 million for the Prior Period and nil for the Current Period. The tax payable remained stable during the reporting period.

Loss for the period

As a result of the foregoing, a loss of approximately HK\$26.4 million was recorded for the Current Period as compared to loss of HK\$29.5 million for the Prior Period. The net loss of Company was mainly due to (i) the decline in revenue which mainly attributable to the closure of Shenzhen Factory in May 2024 as well as the Huizhou Factory only obtained the printing licence in May 2025; and (ii) the increase in the Group's finance costs for the Current Period.

LIQUIDITY AND FINANCIAL RESOURCES

As at the period end date of the Current Period, the Group had net current liabilities of approximately HK\$131.67 million (as at 31 December 2024: net current liabilities of approximately HK\$134.21 million). The Group's current ratio as at the period end date of the Current Period is 0.12 (as at 31 December 2024: 0.14). The Group recorded net liabilities of approximately HK\$62.9 million as at the period end date of the Current Period (as at 31 December 2024: net liabilities of approximately HK\$9.2 million).

The Group's gearing ratio was not available as the Group recorded capital deficiency position as at 30 June 2025 and 31 December 2024.

Total bank borrowings, overdrafts and lease liabilities for the Group amounted to approximately HK\$118.9 million as at the period end date of the Current Period (as at 31 December 2024: approximately HK\$108.2 million). As at the period end date of the Current Period, bank loans and overdrafts in the amounts of approximately HK\$118.9 million were due within one year.

The Group adopts centralized financing and treasury policies in order to ensure the Group funding is utilized efficiently. The Group also regularly monitors its liquidity requirements, its compliance with lending covenants and its relationship with bankers to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term.

FOREIGN CURRENCY MANAGEMENT

The Group is exposed to currency risk primarily through its sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily U.S. dollars, Renminbi, Great British Pounds and Japanese Yen. The Group has not entered into or transacted any financial instruments for hedging purpose during the Current Period. The Directors will determine by reference to the currency risk management policies, assess the exposure to foreign exchange risk, consider whether or not and to what extent the Group should enter into similar forward foreign exchange contracts and monitor them in line with the Group's currency risk management policies.

MANAGEMENT DISCUSSION AND ANALYSIS

CHARGE ON GROUP ASSETS

As at the period end date of the Current Period, the bank facilities were secured by bank deposits of the Group, financial assets at fair value through profit or loss, the Group's trade receivables, the Group's property, plant and equipment, the assignment of rental proceeds of the Group's properties situated in Hong Kong, benefits of key management insurance policies and corporate guarantees from the Company and certain subsidiaries. These banking facilities amounted to HK\$175.9 million as at the period end date of the Current Period (30 June 2024: HK\$175.9 million). These facilities were utilized to the extent of HK\$159.4 million as at the period end date of the Current Period (30 June 2024: HK\$159.4 million). As at 30 June 2025, the Group's properties and machinery (as included in plant and equipment) with carrying amounts of HK\$37.4 million (30 June 2024: HK\$150.0 million) and HK\$37.4 million (30 June 2024: HK\$76.0 million), respectively, were pledged as collateral for the Group's banking facilities.

CAPITAL STRUCTURE

The Company's shares were successfully listed on GEM (the "Listing") on 13 December 2017 (the "Listing Date"). Upon completion of placing on 20 September 2024, the total issued shares of the Company is 104,388,000, and there has been no change in the capital structure of the Group since 20 September 2024 during the Current Period.

CAPITAL EXPENDITURE

The capital expenditure primarily comprised of purchase of property, plant and equipment such as machinery for production. The capital expenditure was funded by internal resources, finance leases and bank borrowings during the Current Period.

The following sets forth the Group's capital expenditure as at the dates indicated:

| | As at 30 June 2025 HK\$'000 (Unaudited) | As at 31 December 2024 HK\$'000 (Audited) |
|-------------------------------|---|---|
| Property, plant and equipment | – | 92,166 |
| Intangible assets | – | – |
| | – | 92,166 |

CONTINGENT LIABILITIES

There are no material contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

COMMITMENTS

The capital commitments outstanding as at period end date of the Current Period not provided for in the financial statements were zero (31 December 2024: Nil).

EMPLOYEES AND REMUNERATION POLICY

As at period end date of the Current Period, the Group had 9 employees in total (as at 31 December 2024: 9).

The Directors and senior management receive compensation in the form of director fees, salaries, benefits in kind and/or discretionary bonuses with reference to those paid by comparable companies, time commitment and the performance of the Group. The Group also reimburses the Directors and senior management for expenses which are necessarily and reasonably incurred for the provision of services to the Group or executing their functions in relation to the operations of the Group. The Group regularly reviews and determines the remuneration and compensation packages of the Directors and senior management by reference to, among other things, market level of remuneration and compensation paid by comparable companies, the respective responsibilities of the Directors and the performance of the Group.

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

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

MATERIAL EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any events after the Current Period that requires disclosure.

DIVIDEND

The Board does not recommend the payment of an interim dividend for the Current Period (for the Prior Period: Nil).

OTHER INFORMATION

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 of the Company dated 29 November 2017.

No share option has been granted, exercised, cancelled, lapsed or forfeited under the Scheme during the Current Period. No share option was outstanding as at the period end date of the Current Period.

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 Current Period.

CHANGE OF DIRECTOR

During the Current Period, Ms. Xu Yuling and Mr. Lu Wei were appointed as executive director of the Company on 7 April 2025 and 9 April 2025, respectively.

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 the period end date of the Current Period, 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 Futures 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 were 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, were 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) | 45.98% |
| Ms. Yao Yuan (“Ms. Yao”) (Notes 3 & 4) | Interest of spouse | 48,000,000 (L) | 45.98% |

OTHER INFORMATION

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, 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 June 2025, the Charged Shares represent 6.90% of the issued share capital of the Company. For further details, please refer to the announcement of the Company dated 12 October 2018.

(ii) Interests in 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 30 June 2025, 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 had to be 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 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.

OTHER INFORMATION

(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 30 June 2025, 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 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 5% 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 (Note 2, 3) | Beneficial owner | 48,000,000 (L) | 45.98% |
| Infinity (Note 4) | Person having security interest in the shares | 7,200,000 (L) | 6.90% |

Notes:

1. The letter “L” denotes the person’s long positions in the Shares.
2. First Tech is a company incorporated in the BVI which is wholly and beneficially owned by Mr. Lam, an executive Director.
3. 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 June 2025, the Charged Shares represent 6.90% of the issued share capital of the Company. For further details, please refer to the announcement of the Company dated 12 October 2018.
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 6.90% of total issued shares of the Company under SFO.

Save as disclosed above, so far as is known to our Directors, as at 30 June 2025, 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 5% or more of the voting power at general meetings or any other members of our Group.

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 C1 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 Current Period, 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 39 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 Current Period.

OTHER INFORMATION

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 Current Period. 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 and Executive Director

Hong Kong, 29 August 2025

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