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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (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 of the Stock Exchange (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 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.*

The board (the “**Board**”) of directors (the “**Directors**”) of Prosperous Printing Company Limited (the “**Company**”) is pleased to announce the audited consolidated financial results of the Company and its subsidiaries for the year ended 31 December 2025.

FINANCIAL HIGHLIGHTS

- The revenue of the Group was approximately HK\$22.2 million for the year ended 31 December 2025 representing a decrease of approximately 55.7% from approximately HK\$50.1 million for the year ended 31 December 2024.
- The gross profit was approximately HK\$6.3 million for the year ended 31 December 2025, as compared to the gross loss of approximately HK\$2.0 million for the year ended 31 December 2024.
- The net loss for the year was approximately HK\$43.1 million for the year ended 31 December 2025, as compared to the net loss (restated) of approximately HK\$107.7 million recorded for the year ended 31 December 2024.
- The Board does not recommend the payment of a final dividend for the year ended 31 December 2025 (for the same period ended 31 December 2024: Nil)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i> (Restated)
Revenue	4	22,221	50,056
Cost of sales		(15,884)	(52,025)
Gross profit/(loss)		6,337	(1,969)
Other income	6	28	1,237
Other gains, net	7	3	8,326
Distribution costs		(1,657)	(4,907)
Administrative expenses		(14,094)	(43,123)
Share of loss of an associate		(374)	(21)
Impairment losses under expected credit loss model on trade and other receivables, net		(7,839)	(6,212)
Impairment losses on property, plant and equipment		(4,593)	(53,059)
Impairment losses on investment properties		(5,797)	–
Finance costs		(14,025)	(9,249)
Loss before tax	8	(42,011)	(108,977)
Income tax (expense)/credit	9	(1,071)	1,289
Loss for the year		(43,082)	(107,688)
Other comprehensive income/(expense):			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Net fair value loss on financial assets at fair value through other comprehensive income		(784)	–
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of financial statements of foreign operations		(926)	25
Share of other comprehensive income/(expense) of an associate		57	(63)
Other comprehensive expense for the year		(1,653)	(38)
Total comprehensive expense for the year		(44,735)	(107,726)
		<i>HK cents</i>	<i>HK cents</i>
Loss per share			
Basic and diluted	10	(41.27)	(117.19)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

		31 December 2025	31 December 2024	1 January 2024
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			(Restated)	(Restated)
NON-CURRENT ASSETS				
Property, plant and equipment		855	39,107	132,652
Investment properties		–	43,935	46,069
Intangible assets		–	–	181
Financial assets at fair value through other comprehensive income		417	1,201	1,201
Interest in an associate		1,152	1,469	–
		<u>2,424</u>	<u>85,712</u>	<u>180,103</u>
CURRENT ASSETS				
Inventories		–	–	16,852
Trade and other receivables	11	15,993	10,608	27,650
Bank balances and cash		605	849	3,022
		<u>16,598</u>	<u>11,457</u>	<u>47,524</u>
Assets classified as held for sale		<u>67,933</u>	–	–
		<u>84,531</u>	<u>11,457</u>	<u>47,524</u>
CURRENT LIABILITIES				
Trade and other payables	12	44,403	29,822	44,725
Bank loans and overdrafts		126,000	113,051	121,283
Other borrowings		7,148	–	–
Amount due to a shareholder		21,051	16,859	707
Loan from a shareholder		–	–	265
Amount due to an associate		1,553	1,553	–
Lease liabilities		122	610	9,898
Income tax payable		1,525	479	545
		<u>201,802</u>	<u>162,374</u>	<u>177,423</u>
NET CURRENT LIABILITIES		<u>(117,271)</u>	<u>(150,917)</u>	<u>(129,899)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(114,847)</u>	<u>(65,205)</u>	<u>50,204</u>

	31 December 2025 HK\$'000	31 December 2024 HK\$'000 (Restated)	1 January 2024 HK\$'000 (Restated)
NON CURRENT LIABILITIES			
Loan from a shareholder	–	4,970	8,844
Bank loans	–	–	1,944
Lease liabilities	54	–	2,693
Deferred tax liabilities	584	575	1,918
	<u>638</u>	<u>5,545</u>	<u>15,399</u>
NET (LIABILITIES)/ASSETS	<u>(115,485)</u>	<u>(70,750)</u>	<u>34,805</u>
CAPITAL AND RESERVES			
Share capital	108,490	108,490	106,319
Reserves	(223,975)	(179,240)	(71,514)
TOTAL (CAPITAL DEFICIENCIES)/EQUITY	<u>(115,485)</u>	<u>(70,750)</u>	<u>34,805</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION

Prosperous Printing Company Limited (the “**Company**”) is a public limited company incorporated in Hong Kong (“**HK**”) and its shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 13 December 2017. Its holding company is First Tech Inc, a company incorporated in the British Virgin Islands (“**BVI**”) and its ultimate controlling party is Mr. Lam Sam Ming, who is also the Chairman and executive director of the Company. The addresses of the registered office and principal place of business of the Company are Room C, 12/F, Yip Cheung Centre, 10 Fung Yip Street, Chai Wan, Hong Kong.

The Company and its subsidiaries (the “**Group**”) are principally engaged in the production and trading of books and paper products and provision of printing relating services.

Other than the subsidiary established in the People’s Republic of China (the “**PRC**”), whose functional currency is Renminbi (“**RMB**”), the functional currency of the Company and its subsidiaries is Hong Kong Dollars (“**HK\$**”).

The consolidated financial statements are presented in HK\$, which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to a HKFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to a HKFRS Accounting Standard as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21 *Lack of Exchangeability*

The application of the amendments to the HKFRS Accounting Standard in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures.

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ²
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ¹
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ¹
Amendments to HKFRS Accounting Standards	<i>Annual Improvements to HKFRS Accounting Standards Volume 11</i> ¹
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual periods beginning on or after 1 January 2027

³ Effective for annual periods beginning on or after a date to be determined

Except as described below, the directors anticipate that the application of all new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 “Presentation and Disclosure in Financial Statements”

HKFRS 18 sets out requirements on presentation and disclosures in financial statements and will replace HKAS 1 Presentation of Financial Statements. HKFRS 18 introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to HKAS 7 “Statement of Cash Flows” and HKAS 33 “Earnings per Share” are also made.

HKFRS 18, and the consequential amendments to other HKFRS Accounting Standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

The application of the HKFRS 18 is not expected to have material impact on the financial position of the Group. The directors are in the process of making assessment of the impact of HKFRS 18, but is not yet in a position to state whether the adoption would have a material impact on the presentation and disclosures of consolidated financial statements of the Group.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Prior year adjustments

During the preparation of the consolidated financial statements for the year ended 31 December 2025, Directors identified the following accounting errors in the consolidated financial statements for the years ended 31 December 2024 and 2023:

(a) *Overstatement of deferred tax liabilities*

The Directors reassessed the deferred tax balances recognised in prior years. Upon reviewing of the relevant tax computations and supporting documentation, errors were identified in the calculation of deferred tax liabilities arising from temporary differences between tax depreciation allowances and the corresponding accounting depreciation in prior years.

Deferred tax liabilities had been overstated by approximately HK\$6,694,000 as at 31 December 2023. Accordingly, deferred tax liabilities were adjusted to decrease by approximately HK\$6,694,000, with a corresponding decrease in accumulated losses as at 1 January 2024.

(b) *Expected credit loss (“ECL”) on trade receivables*

The Directors reassessed the ECL on certain long-outstanding trade receivables and determined that the ECL previously recognised in prior years was insufficient. Based on the reassessment of the Directors, additional ECL of approximately HK\$6,150,000 should be recognised for the year ended 31 December 2023 and therefore, trade receivables as at 31 December 2023 were overstated by approximately HK\$6,150,000, and accumulated losses were understated by the same amount.

In addition, further ECL of approximately HK\$3,530,000 should have been recognised for the year ended 31 December 2024. And therefore, loss for the year ended 31 December 2024 was understated by approximately HK\$3,530,000, trade receivables as at 31 December 2024 were overstated by approximately HK\$9,680,000, and accumulated losses as at 31 December 2024 were understated by approximately HK\$9,680,000.

(c) *Impairment loss on property, plant and equipment*

The Directors reassessed the carrying amount and recoverable amount of the property, plant and machinery of Prosperous Printing (Shenzhen) Co., Ltd. (“**Prosperous (SZ)**”), a subsidiary of the Company, whose machinery, fixtures and materials were disposed to settle the outstanding payment of Prosperous (SZ) factory’s staff salary, social security fund and housing development fund (the “**Disposal**”), following the cessation of its operations upon completion of the Disposal in 2024.

Upon reassessment, the Directors determined that the recoverable amount of the relevant cash-generating unit (“**CGU**”) to which the property, plant and equipment belong to had been overstated of approximately HK\$51,676,000 in the consolidated statements of financial position as at 31 December 2024. The Directors also reassessed the carrying amount and recoverable amount of another HK subsidiary’s property, plant and equipment and it had been overstated of approximately HK\$1,383,000 in the consolidated statements of financial position as at 31 December 2024. Therefore, an impairment loss of approximately HK\$53,059,000 should have been recognised for the year ended 31 December 2024.

Property, plant and equipment as at 31 December 2024 were overstated by approximately HK\$53,059,000, and accumulated losses as at 31 December 2024 were understated by the same amount.

(d) Omission of share of results and interest in an associate

The Directors discovered that the Group had established an associate during the year ended 31 December 2024 (details of which are disclosed in the announcement of the Company dated on 30 October 2024) but did not recognise its interest in an associate and its share of results in accordance with HKAS 28 Investments in Associates and Joint Ventures.

The consideration for the investment had not been fully settled as at 31 December 2024 and the Group did not recognise the interest in an associate nor the corresponding amount payable for the unpaid consideration.

As a result of this oversight:

- Interest in an associate as at 31 December 2024 was understated by approximately HK\$1,469,000;
- Amount due to an associate as at 31 December 2024 was understated by approximately HK\$1,553,000;
- The exchange reserve as at 31 December 2024 was understated by approximately HK\$63,000; and
- The share of loss of an associate for the year ended 31 December 2024 was understated by approximately HK\$21,000, resulting in accumulated losses being understated by approximately HK\$21,000 as at 31 December 2024.

(e) Omission of accrual of bank loan interests

The Directors discovered that the Group had omitted the accrual of interest expense for bank loans for certain period of the year ended 31 December 2024.

As a result of this oversight:

- Interest payables included in bank loans as at 31 December 2024 was understated by approximately HK\$5,471,000; and
- Finance cost for the year ended 31 December 2024 was understated by approximately HK\$5,471,000, resulting in accumulated losses being understated by the same amount as at 31 December 2024.

(f) *Classification error for the property, plant and equipment and right-of-use assets*

The Directors identified an classification error for certain items of which i) ownership interests in leasehold land and buildings held for own use and ii) motor vehicles included in property, plant and equipment, was wrongly classified as right-of-use assets in the consolidated statement of financial position as at 31 December 2024.

The related movement and breakdown of property, plant and equipment and right-of-use assets (included in property, plant and equipment) as shown in the notes to the consolidated financial statements are restated accordingly.

The above adjustments have been corrected by restating each of the affected financial statement line items for the prior periods as follows:

Impact on the consolidated statements of financial position as at 1 January 2024 (extracted):

	1 January 2024 (Originally stated) HK\$'000	Prior year adjustments (notes a and b) HK\$'000	1 January 2024 (Restated) HK\$'000
Trade and other receivables	33,800	(6,150)	27,650
Deferred tax liabilities	(8,612)	6,694	(1,918)
Reserves	(72,058)	544	(71,514)

Impact on the consolidated statements of financial position as at 31 December 2024 (extracted):

	31 December 2024 (Originally stated) HK\$'000	Prior year adjustments (notes a, b, c, d and e) HK\$'000	31 December 2024 (Restated) HK\$'000
Property, plant and equipment	92,166	(53,059)	39,107
Interest in an associate	–	1,469	1,469
Trade and other receivables	20,288	(9,680)	10,608
Bank loans and overdrafts	(107,580)	(5,471)	(113,051)
Amount due to an associate	–	(1,553)	(1,553)
Deferred tax liabilities	(7,269)	6,694	(575)
Reserves	(117,640)	(61,600)	(179,240)

Impact on the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024 (extracted):

	2024 (Originally stated) <i>HK\$'000</i>	Prior year adjustments (<i>notes b, c, d and e</i>) <i>HK\$'000</i>	2024 (Restated) <i>HK\$'000</i>
Impairment loss on property, plant and equipment	–	(53,059)	(53,059)
Share of loss of an associate	–	(21)	(21)
Impairment loss under expected credit loss model on trade receivables, net	(2,682)	(3,530)	(6,212)
Finance costs	(3,778)	(5,471)	(9,249)
Loss for the year	(45,607)	(62,081)	(107,688)
Loss per share			
Basic and diluted	(49.63)	(67.56)	(117.19)

3.2 Going concern assumption

The Group reported a net loss of approximately HK\$43,082,000 for the year ended 31 December 2025. As at 31 December 2025, the Group had net current liabilities and net liabilities of approximately HK\$117,271,000 and HK\$115,485,000, respectively. The Group had total bank loans and overdrafts of approximately HK\$126,000,000 and other borrowings of approximately HK\$7,148,000, of which approximately HK\$115,437,000 that were in default due to the Group's failure to make periodic payments on its outstanding loans. As a result, the lender has the right to demand immediate repayment of entire outstanding balance as at 31 December 2025. The defaulted bank loans were secured by the Group's properties, which were subject to disposal and were classified as assets held for sale. As at 31 December 2025, the Group's bank balances and cash amounted to approximately HK\$605,000 only.

The above conditions indicate the existence of material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

In view of such circumstances, the Directors have prepared a cash flow forecast of the Group with plans and measures to mitigate the liquidity pressure and to improve its financial position. Certain plans and measures have been or will be taken by the Directors include, but not limited to, the following:

- (i) the Company has appointed Mr. Lam John Cheung-wah as a non-executive Director, who has substantial experience in the banking industry. He has been advising the Company on financial and loan related matters and the Company is in active discussions with the relevant banks to seek for agreement on waive of technical breaches and the extension or restructuring of the repayment schedules of the default loans;

- (ii) the Group has continued to fund operations mainly through internally generated funds and available facilities. The Group will continue to seek new sources of financing from time to time at a reasonable cost, to address upcoming financial obligations and is actively engaging potential lenders and investors. The Group has received funds from a lender during the fourth quarter of 2025;
- (iii) the Group has resumed its operation in Hong Kong and has rented a factory unit in Chai Wan (“**Chai Wan Unit**”) to conduct document typesetting, colour matching, design and quality controls in paper products and arranging the logistics and delivery of the paper-related products of the Group and other clerical work;
- (iv) besides the provision of printing services and paper-related products to print brokers and publishers, the Company has also expanded its service offering and printing products in the third quarter of 2025. The Company has been building new capabilities by offering design services, 3D paper printing and packaging printing products and services to help diversify its product offering and expand its value-added services which involve more advanced technology with eco-friendly options for printing materials and printing products and solutions, which the Company remain competitive in the market place and improved its revenue. The Company is exploring new business opportunities to diversity its revenue streams; and
- (v) the Group has continued to make adjustments to control administrative costs and take appropriate measures to contain its capital expenditures to preserve liquidity as well as to assess whether additional measures will be needed to further reduce discretionary spending.

Based on the cash flow forecast assuming the above plans and measures can be successfully implemented as scheduled notwithstanding the inherent uncertainties associated with the future outcome of the above plans and measures, the Directors is of the opinion that the Group is able to continue as a going concern and would have sufficient financial resources to finance the Group’s operations and meet its financial obligations as and when they fall due. Accordingly, the Directors considers this is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group fail to achieve the above plans and measures as abovementioned, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group’s assets to their net realisable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

3.3 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange (“**Listing Rules**”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, leasing transactions that are accounted for in accordance with HKFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

4. REVENUE

(i) Disaggregation of revenue from contracts with customers

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15:		
– Sale of books and paper products	22,221	47,573
– Provision of subcontracting services in relation to books and paper products	–	2,483
	<u>22,221</u>	<u>50,056</u>

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Timing of revenue recognition at point in time	<u>22,221</u>	<u>50,056</u>

(ii) Performance obligations for contracts with customers

The Group sells books and paper products and provides subcontracting service to customers. Revenue is recognised when control of goods has transferred, being when the goods have been shipped to customers' specific location. For provision of subcontracting service, the revenue is recognised when the customer accepts and takes control of the goods sub-contracted to the Group.

5. OPERATING SEGMENT

Information reported to the board of directors of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource 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.

Information about geographical information

Revenue from external customers

The Group's customers are mainly located in Hong Kong (2024: Hong Kong, the PRC and United States).

Information about the Group's revenue from external customers is presented based on the geographical location of shipment.

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Hong Kong	21,789	29,736
The PRC	–	2,483
United States	339	17,615
Others (<i>Note</i>)	93	222
	<u>22,221</u>	<u>50,056</u>

Note: Revenue from individual countries included in other countries is not significant.

Non-current assets

Information about the Group's non-current assets, other than financial assets at fair value through other comprehensive income, is presented based on the geographical location of the assets.

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i> (Restated)
Hong Kong	855	83,042
The PRC	1,152	1,469
	<u>1,152</u>	<u>1,469</u>

Information about major customers

Revenue from customers of corresponding year contributing over 10% of the total revenue of the Group is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Customer A	4,736	–
Customer B	4,441	–
Customer C	4,214	–
Customer D	N/A ^{<i>Note</i>}	12,009
Customer E	–	8,033
	<u>–</u>	<u>8,033</u>

Note: The customers contributed less than 10% of the total revenue of the Group for the reporting period.

6. OTHER INCOME

The Group's other income is presented as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Bank interest income	–	1
Government grants		
– PRC government subsidies (<i>Note</i>)	–	176
Sundry income	<u>28</u>	<u>1,060</u>
	<u>28</u>	<u>1,237</u>

Note: The amount represented government grants received from Industry and Information Technology Bureau of Shenzhen Municipality for supporting the placement of high-quality enterprises amounted to approximately HK\$0.2 million for the year ended 31 December 2024, of which entitlements were unconditional, at the discretion of the relevant authorities and recognised immediately as other income in the year of receipt.

7. OTHER GAINS, NET

The Group's other gains, net is presented as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Gain on early termination of lease	–	575
Gain on disposal of property, plant and equipment	–	4,275
Net foreign exchange gain	<u>3</u>	<u>3,476</u>
	<u>3</u>	<u>8,326</u>

8. LOSS BEFORE TAX

Loss before tax has been arrived at after charging (crediting):

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i> (Restated)
Staff costs, including directors' emoluments:		
– Salaries, wages and other benefits	4,865	36,881
– Contributions to retirement benefit schemes	121	2,220
	<u>4,986</u>	<u>39,101</u>
Other items:		
Amortisation of intangible assets, included in administrative expenses	–	45
Depreciation, included in:		
Cost of sales		
– Owned property, plant and equipment	–	2,997
– Right-of-use assets	–	3,578
– Investment properties	–	1,665
Administrative expenses		
– Owned property, plant and equipment	2,035	1,023
– Right-of-use assets	26	2,243
– Investment properties	2,045	469
	<u>4,106</u>	<u>11,975</u>
Auditors' remuneration	780	708
Amount of inventories recognised as expenses	–	11,114
Subcontracting fees	15,646	5,107
Provision/(reversal) of impairment losses under expected credit loss model on:		
– trade receivables	7,716	6,229
– other receivables	123	(17)
	<u>123</u>	<u>(17)</u>

9. INCOME TAX

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i> (Restated)
Current tax		
Hong Kong Profits Tax		
– Current year	<u>1,062</u>	<u>54</u>
Deferred tax		
– Current year	<u>9</u>	<u>(1,343)</u>
Income tax expense/(credit)	<u><u>1,071</u></u>	<u><u>(1,289)</u></u>

- (i) Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, 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 years ended 31 December 2025 and 2024 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 Enterprise income tax (the “**EIT Law**”) and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiary is 25% for both years. No PRC Enterprise Income Tax was provided for both years as the PRC subsidiary did not derive any estimated assessable profit.
- (iii) The Group’s subsidiaries in the BVI are not subject to taxation.

10. LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i> (Restated)
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	<u><u>43,082</u></u>	<u><u>107,688</u></u>
	2025 <i>'000</i>	2024 <i>'000</i>
<i>Number of shares:</i>		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share (<i>note</i>)	<u><u>104,388</u></u>	<u><u>91,892</u></u>

Note: No diluted loss per share was presented as there were no potential ordinary shares in issue.

11. TRADE AND OTHER RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i> (Restated)
Trade receivables	145,538	129,213
Less: Allowance for credit losses	<u>(129,915)</u>	<u>(122,199)</u>
	15,623	7,014
Other receivables and deposits, net	<u>370</u>	<u>3,594</u>
	<u>15,993</u>	<u>10,608</u>

The Group does not hold collateral over these balances.

The Group allows credit terms 30 – 180 days from the date of billing to its trade customers.

The following is an aged analysis of the trade receivables, net of allowance for credit losses, presented based on invoice dates, at the end of the reporting period:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i> (Restated)
Within 1 month	5,902	288
1 to 3 months	3,848	1,934
3 to 6 months	5,861	851
6 to 12 months	12	835
Over 1 year	<u>–</u>	<u>3,106</u>
	<u>15,623</u>	<u>7,014</u>

12. TRADE AND OTHER PAYABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade payables	33,215	19,152
Accrual and other payables	11,174	10,656
Other tax payable	14	14
	<u>44,403</u>	<u>29,822</u>

The following is an aged analysis of the trade payables presented based on invoice date at the end of reporting period is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within 1 month	626	1,764
1 to 3 months	7,275	63
3 to 6 months	5,182	3,585
6 to 12 months	868	6,163
Over 1 year	19,264	7,577
	<u>33,215</u>	<u>19,152</u>

The credit periods granted to the Group by suppliers range from 7 to 120 days.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND FUTURE PROSPECTS

The Group is an integrated printing services provider offering book and paper product printing, design services, broadened packaging printing, and comprehensive printing solutions. In addition to traditional paper printing, the Group is equipped with technically advanced and eco-friendly printing materials and processes.

In the course of restructuring our production footprint, the factory of the Group in Shenzhen (the “**Shenzhen Factory**”) ceased operations in June 2024 and the factory of the Group in Hong Kong (the “**Hong Kong Factory**”) completed its operational wind-down and property handover, the Group has engaged a factory in Huizhou (the “**Huizhou Factory**”) (operated via the joint-venture arrangement, details of which are disclosed in the announcement of the Company dated 30 October 2024) and other qualified printing services subcontractors in Hong Kong and the PRC to fulfill the customer orders.

In order to capitalise on our strengthened capabilities, the Board has set a focused and optimistic strategic direction as below:

(I) Market Focus

The Group will prioritise clients in the Hong Kong capital markets and Southeast Asia (such as Thailand) while continue to decline the traditional European and American publishing and printing business. This market realignment positions the Group seizing opportunities arising from regional economic development and the growing demand for corporate services. At the same time, this strategy should help alleviate the adverse effects of geopolitical and trade tensions.

(II) Core Printing Services: Focusing on High-Value-Added Sectors to Build Differentiated Competitiveness

1. **Financial Printing Services:** The Group will continue to serve Hong Kong-listed companies and financial institutions with professional financial printing services such as prospectuses, annual reports, announcements and circulars. Leveraging over 30 years of industry experience, a rigorous international quality control system, and strict confidentiality standards, the Group provides one-stop, high-quality solutions for Hong Kong listed companies and financial institutions, solidifying its core position in professional printing services for the Hong Kong capital markets.
2. **Packaging Printing Services:** The Group has upgraded its packaging and gift-box printing services, serving clients in the consumer goods, electronics, and gift industries in Hong Kong and Southeast Asia. Utilizing the flexible production capabilities of the Huizhou Factory and subcontractors in Hong Kong and the PRC, the Group provides end-to-end services from packaging design to bulk delivery, meeting clients’ brand image building and marketing needs, and upgrading transformation from “single printing” to “brand packaging solutions”.

(III) Media Promotion Services: Achieving Synergistic Business Growth

Leveraging the resource advantages of its Hong Kong office and existing client network, the Group plans to no longer solely provide printing services for promotional materials to customers but will also offer one-stop media promotion services, covering areas such as event planning, conference execution, and brand marketing. This strategic expansion aims to create synergy with the printing business, enhancing customer value and loyalty and diversifying the revenue sources of the Group.

(IV) Operational Optimization: Asset-Light Model, Enhanced Cash Flow Management

Going forward, the Group will continue to adhere to an “asset-light, service-oriented” operating model. Through the joint venture arrangement at the Huizhou Factory and cooperation with high-quality subcontractors in Hong Kong and the PRC, the Group will minimize fixed production costs and optimize its cash flow. Simultaneously, leveraging its rigorous international standards-compliant quality management system and strong project management capabilities, the Group will continue to solidify its partnerships with clients in Hong Kong and Southeast Asia, and actively expand its reach to emerging high-value clients within the region.

FINANCIAL REVIEW

PRIOR YEAR ADJUSTMENTS (PYA)

During the preparation of the consolidated financial statements for the year ended 31 December 2025, the Directors identified several accounting errors relating to the financial years ended 31 December 2023 and 2024, which have been corrected by restating the comparative figures as detailed in Note 3.1.

The adjustments primarily include:

1. **Overstatement of Deferred Tax Liabilities:** A reassessment of deferred tax liabilities revealed errors in calculating temporary differences, leading to an overstatement of deferred tax liabilities by approximately HK\$6.7 million as at 31 December 2023.
2. **Expected Credit Loss (ECL) on Trade Receivables:** Upon reviewing the recoverability of long-outstanding debts, the Group recognised additional ECL of approximately HK\$6.2 million for 2023 and HK\$3.5 million for 2024 to accurately reflect credit risks.
3. **Impairment of Property, Plant and Equipment:** Following the cessation of operations at the Shenzhen Factory and further review of HK’s subsidiary operation, the Directors determined that an impairment loss of approximately HK\$53.1 million should have been recognised for the year ended 31 December 2024.

4. **Omission of Interest in an Associate and Interest Accruals:** The Group corrected omissions regarding its share of results in an associate (approximately HK\$21,000 loss) and interest in an associate of approximately HK\$1.5 million in 2024 and unrecorded bank loan interest expenses of approximately HK\$5.5 million for 2024.
5. **Classification Errors:** Certain property, plant, and equipment items were reclassified to correct errors in asset categorization.

The Directors emphasise that these restatements were necessary to ensure the consolidated financial statements provide a true and fair view of the Group's financial position. The Group has since enhanced its internal control and financial reporting procedures to prevent the recurrence of similar accounting errors.

Revenue

The Group generates revenue primarily from the financial printing services and printing of packaging materials and gift boxes for customers in Hong Kong. The revenue decreased by approximately 55.7% from approximately HK\$50.1 million for the year ended 31 December 2024, to approximately HK\$22.2 million for the year ended 31 December 2025 due to the decrease in sale order from overseas customers for the traditional printing for book and paper products while offset by the increase in revenue from financial printing services and printing of packaging materials and gift boxes for customers in Hong Kong.

Cost of sales

The cost of sales mainly consists of sub-contracting fees. The cost of sales decreased by approximately 69.4% from approximately HK\$52.0 million for the year ended 31 December 2024 to approximately HK\$15.9 million for the year ended 31 December 2025 primarily due to a transition in its production operations. As the Group ceased the operation of the Shenzhen Factory and the Hong Kong Factory in 2024 and the Group outsourced production processes to the Huizhou Factory and other qualified subcontractors during the year. This transition significantly reduced fixed manufacturing overheads and staff costs.

Gross profit/loss

The Group recorded the gross profit of approximately HK\$6.3 million in 2025 and the gross loss of HK\$2.0 million in 2024. The gross profit margin was 28.4% in 2025. The Group recorded a gross profit for the year, compared with a gross loss in the prior year, primarily due to transition in production operation. This transition significantly reduced fixed manufacturing overheads and staff costs, which improved cost flexibility, and enhanced overall cost efficiency, resulting in an improvement in gross margin.

Other income

Other income mainly consists of income received from government subsidies and rental income from the investment properties. The other income decreased by approximately 97.7% from approximately HK\$1.2 million for the year ended 31 December 2024 to approximately HK\$28,000 for the year ended 31 December 2025 mainly due to the cessation of rental income in 2025 and the absence of one-off government subsidies recognised in the year ended 31 December 2024.

Other gains

Other gain mainly consists of the foreign exchange gain/loss and the gain on disposal of property, plant and equipment. The other gains decreased from approximately HK\$8.3 million for the year ended 31 December 2024 to approximately HK\$3,000 for the year ended 31 December 2025 mainly due to the decrease of exchange gain and the absence of one-off gain on disposal of property, plant and equipment.

Administrative expenses

Administrative expenses primarily consist of professional fee, staff costs and benefits, directors' emoluments and depreciation. The administrative expenses decreased from approximately HK\$43.1 million for the year ended 31 December 2024 to approximately HK\$14.1 million for the year ended 31 December 2025 mainly due to decrease in staff salaries and depreciation.

Finance costs

The Group recorded finance costs of approximately HK\$9.2 million (restated) during the year ended 31 December 2024 and approximately HK\$14.0 million during the year ended 31 December 2025. The increase by approximately 52.2% was mainly due to the increase in interest rate and bank revolving loan amount.

Income tax

Income tax represents income tax paid or payable by the Group, at the applicable tax rates in accordance with the relevant laws and regulations in each tax jurisdiction the Group operates or domiciles. The Group had no tax payable in other jurisdiction other than Hong Kong and the PRC during the years ended 31 December 2024 and 2025. The operations in Hong Kong are subject to the two-tiered profits tax rate regime, which the first HK\$2 million of profits of qualifying entity will be taxed at 8.25% and profits above HK\$2 million will be taxed at 16.5%. The operations in the PRC are subject to an enterprise income tax rate of 25.0%. The Group recorded income tax expenses of approximately HK\$1.1 million during the year ended 31 December 2025 (year ended 31 December 2024: income tax credit of HK\$1.3 million).

Loss for the year

As a result of the foregoing, the loss for the year decreased to approximately HK\$43.1 million for year ended 31 December 2025 as compared to loss of approximately HK\$107.7 million (restated) for the year ended 31 December 2024, which was mainly due to (i) the transition in production operation improved the gross margin; (ii) the Group effective cost control reduced the distribution cost and administrative expenses; and (iii) reduction in impairment loss on property, plant and equipment, while offsetting by the increase in finance costs.

Liquidity, financial resources and capital structure

Total bank loans, other borrowings, overdrafts and lease liabilities for the Group amounted to approximately HK\$133.3 million as at 31 December 2025 (as at 31 December 2024: approximately HK\$13.7 million). As at 31 December 2025, bank loans, other borrowings and overdrafts in the amounts of approximately HK\$133.3 million are due within one year.

As at 31 December 2025, the Group had net current liabilities of approximately HK\$117.3 million (as at 31 December 2024: net current liabilities (restated) of approximately HK\$150.9 million). The Group's current ratio as at 31 December 2025 is 0.42 (as at 31 December 2024: 0.08). The gearing ratio as at 31 December 2025 was -1.15 (as at 31 December 2024: -1.61) which is calculated on the basis of the Group's total bank loans, other borrowings, overdrafts and lease liabilities over the total equity.

Basis for Disclaimer of Opinion related to going concern in the Independent Auditor's Report

As disclosed in the consolidated financial statements, the Group incurred a loss of approximately HK\$43,082,000 for the year ended 31 December 2025, and as of that date, the Group has net current liabilities and net liabilities of approximately HK\$117,271,000 and HK\$115,485,000, respectively. The Group had total bank loans and overdrafts of approximately HK\$126,000,000 and other borrowings of approximately HK\$7,148,000, which are repayable on demand or within one year, while the Group had bank and cash balances of approximately HK\$605,000 only. As a result of the Group's failure to make periodic payments on its outstanding borrowings, current bank borrowings of approximately HK\$115,347,000 as at 31 December 2025 became due and repayable on demand, and were classified as current borrowings accordingly.

Management's Position and Action Plans

With reference is made to the annual report of the Company for the year ended 31 December 2024 and the announcements of the Company dated 3 July 2025, 30 September 2025 and 31 March 2026. The following steps and measures have been taken and implemented by the Group to address the Disclaimer as follow:

- (i) the Company has appointed Mr. Lam John Cheung-wah as a non-executive Director, who has substantial experience in the banking industry. He has been advising the Company on financial and loan related matters and the Company is in active discussions with the relevant banks to seek for agreement on waive of technical breaches and the extension or restructuring of the repayment schedules of the default loans;
- (ii) the Group has continued to fund operations mainly through internally generated funds and available facilities. The Group will continue to seek new sources of financing from time to time at a reasonable cost, to address upcoming financial obligations and is actively engaging potential lenders and investors. The Group has received funds from a lender during the fourth quarter of 2025;
- (iii) the Group has resumed its operation in Hong Kong and has rented a factory unit in Chai Wan ("**Chai Wan Unit**") to conduct document typesetting, colour matching, design and quality controls in paper products and arranging the logistics and delivery of the paper-related products of the Group and other clerical work;
- (iv) besides the provision of printing services and paper-related products to print brokers and publishers, the Company has also expanded its service offering and printing products in the third quarter of 2025. The Company has been building new capabilities by offering design services, 3D paper printing and packaging printing products and services to help diversify its product offering and expand its value-added services which involve more advanced technology with eco-friendly options for printing materials and printing products and solutions, which the Company remain competitive in the market place and improved its revenue. The Company is exploring new business opportunities to diversity its revenue streams; and
- (v) the Group has continued to make adjustments to control administrative costs and take appropriate measures to contain its capital expenditures to preserve liquidity as well as to assess whether additional measures will be needed to further reduce discretionary spending.

Audit Committee's View

The audit committee of the Company (the “**Audit Committee**”) has reviewed and discussed the Auditor’s basis for the disclaimer of opinion. The Audit Committee concurs with the management’s position and the proposed action plans. The Audit Committee will closely monitor the progress of the debt negotiations and the implementation of the remedial measures.

Proposed Timeline for Removal of Disclaimer

Provided that the Group successfully negotiates the loan extensions and secures sufficient working capital as planned, it is expected that the material uncertainty regarding going concern will be resolved, and the disclaimer of opinion could be removed in the audit for the financial year ending 31 December 2026.

In view of such circumstances, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The Company will publish an announcement every 3 months until the Disclaimer is resolved.

Foreign currency management

We are exposed to currency risk primarily through our 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 and GBP. We have not entered into or transacted any other financial instruments for hedging purpose during the year ended 31 December 2025. 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.

CAPITAL EXPENDITURE

Our capital expenditure primarily comprised of purchase of property, plant and equipment such as machinery for production. The Group have no material capital expenditure during the year ended 31 December 2025.

Future plans for material investments or capital assets

As at the date of this announcement, the Board does not have any plan for material investments or additions of capital assets.

CHARGE ON GROUP ASSETS

As at 31 December 2025, the bank facilities were secured by the Group's investment properties, property, plant and equipment and corporate guarantees from the Company and certain subsidiaries (2024: pledged bank deposits, financial assets at FVTPL, property, plant and equipment, and corporate guarantee from the Company and certain subsidiaries). These bank facilities amounted to HK\$126.0 million (2024: HK\$107.6 million) as at 31 December 2025. These facilities were utilised to the extent of HK\$126.0 million (2024: HK\$107.6 million) as at 31 December 2025. There was no pledged bank deposit as at 31 December 2025. The pledged bank deposits were released as mutually agreed by the bank and the Group. As at 31 December 2025, the Group's assets classified as held for sale with carrying amounts of approximately HK\$67.9 million were pledged as collateral for the Group's banking facilities. As at 31 December 2024, the Group's investment properties and properties with total carrying amounts of approximately HK\$82.0 million were pledged for the Group's banking facilities.

CAPITAL STRUCTURE

The Group's shares were successfully listed on GEM on 13 December 2017 ("**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.

COMMITMENTS

The capital commitments outstanding as at 31 December 2025 not provided for in the financial statements were nil (2024: nil) for purchase of property, plant and equipment.

Treasury policy

The Group adopted a prudent financial management approach towards its treasury policies and maintained a healthy liquidity position throughout the reporting period. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements from time to time.

Employees and remuneration policy

As at 31 December 2025, the Group had 13 (2024: 9) employees in total. The staff costs of the Group (including directors' emoluments, and management, administrative and operational staff costs) for the year ended 31 December 2025 were approximately HK\$5.0 million (2024: HK\$39.1 million). 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 2025, the Group surrendered its Hong Kong properties to the banker. As a result, the Group wrote off the related property, plant and equipment and leasehold improvements associated with the Hong Kong properties.

DEFAULT OF BANK LOAN

As disclosed in the announcement dated 11 November 2024, the Group is indebted in the amount of approximately HK\$98 million ("**Loan A**") to a commercial bank in Hong Kong ("**Bank A**") by pledging of the Pledged Properties (as defined in the announcement dated 11 November 2024) in favour of Bank A. As the Group was unable to settle Loan A, the Group has delivered vacant possession of the Pledged Properties to Bank A for sale of the Pledged Properties to settle Loan A during 2025. As at the date of this announcement, the Group is the registered owner of the Pledged Properties.

As disclosed in the announcement dated 25 November 2024, the Group, in the ordinary course of business, obtained banking facilities (“**Facility B**”) from a commercial bank in Hong Kong (“**Bank B**”) with an outstanding amount of approximately HK\$11 million. The Company considers that the Company’s failure to settle the periodic payment of Loan A owed to Bank A as referenced in the announcement dated 11 November 2024 constitutes a technical cross default which may entitle Bank B to request early repayment of Loan B. As at the date of this announcement, the Company has not received any demand or notice with respect to the technical cross default from Bank B.

EVENTS AFTER THE REPORTING PERIOD

Winding-up Petition and its Subsequent Withdrawal

On 6 January 2026, the Company received a winding-up petition (the “**Petition**”) filed by Hing Tai Hong (International) Limited (the “**Petitioner**”) at the High Court of the Hong Kong Special Administrative Region for the winding-up of the Company under the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Petition was filed in relation to an alleged outstanding debt in the sum of approximately HK\$2.3 million.

At the Court hearing held on 18 March 2026, the Court granted an order for the Petition to be withdrawn. Accordingly, the Petition against the Company has been dismissed and the legal proceedings in relation to the Petition have been concluded on 18 March 2026.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2025 (for the year ended 31 December 2024: Nil). During the year ended 31 December 2025, there was no arrangement under which any shareholder of the Company waived or agreed to waive any dividend.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules (the “**Model Code**”) as its own code of conduct governing securities transactions by the Directors. Having made specific enquiry of all the Directors, all Directors have confirmed that they have complied with the Model Code during the year ended 31 December 2025 and up to the date of this announcement.

CORPORATE GOVERNANCE

The Board is responsible for performing the corporate governance duties in the Corporate Governance Code (the “**CG Code**”) and Corporate Governance Report as set out in Appendix C1 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 announcement.

The Company has complied with the principles and applicable code provisions of the CG Code for the year ended 31 December 2025, except the deviation from CG Code provision C.2.1 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 41 years of experience in the printing industry. Mr. Lam established our Group through L & L 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 C.2.1 of the CG Code is appropriate.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Company establishes different communication channels with Shareholders and investors, including (i) corporate communications (including but not limited to annual reports, interim reports, notices of meetings, circulars and proxy forms) required under the Listing Rules; (ii) the annual general meeting provides a forum for Shareholders to raise comments and exchange views with the Board; (iii) updated and key information on the Group is available on the website of the Company; (iv) the Company’s website offers a communication channel between the Company and its Shareholders and stakeholders; and (v) the branch share registrar of the Company deals with shareholders for share registration and related matters.

PUBLIC FLOAT

As at the date of this announcement, based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of the subsidiaries of the Company purchased, redeemed or sold the listed securities of the Company during the year ended 31 December 2025.

SCOPE OF WORK OF MESSRS. TARGET CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Target CPA Limited, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 31 March 2026. The work performed by Target CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Target CPA Limited on the preliminary announcement.

REVIEW BY THE AUDIT COMMITTEE

The primary responsibilities of the Audit Committee are to review and monitor the financial reporting and internal control and risk management principles of the Group and to assist the Board to fulfill its responsibilities over audit. The Audit Committee has reviewed the consolidated financial statements of the Group for the year ended 31 December 2025, confirmed the accounting principles and practices adopted by the Group and discussed the auditing, internal control, risk management and financial reporting matters.

As at 31 December 2025, the Audit Committee consists of three independent non-executive Directors, namely Ms. Cheung Yin, Mr. Wong Hei Chiu and Mr. Leung Vincent Gar-Gene. Ms. Cheung Yin serves as the chairman of the Audit Committee. The annual results of the Company for the year ended 31 December 2025 has been reviewed by the Audit Committee.

EXTRACT OF INDEPENDENT AUDITOR REPORT

The following is an extract from the independent auditors' report on the Group's consolidated financial statements for the year ended 31 December 2025:

DISCLAIMER OF OPINION

We do not express an opinion on the consolidated financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

As described in Note 3.2 to the consolidated financial statements, the Group reported a net loss of approximately HK\$43,082,000 for the year ended 31 December 2025. As at 31 December 2025, the Group had net current liabilities and net liabilities of approximately HK\$117,271,000 and HK\$115,485,000, respectively. The Group had total bank loans and overdrafts of approximately HK\$126,000,000 and other borrowings of approximately HK\$7,148,000, of which approximately HK\$115,437,000 that were in default due to the Group's failure to make periodic payments on its outstanding loans. As a result, the lender has the right to demand immediate repayment of the entire outstanding balance as at 31 December 2025. The defaulted bank loans were secured by the Group's properties, which were subject to disposal and were classified as assets held for sale. As at 31 December 2025, the Group's bank balances and cash amounted to approximately HK\$605,000.

These conditions, together with the other matters as described in the Note 3.2 to the consolidated financial statements, indicated the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

The directors of the Company have been undertaking a number of plans and measures to improve the Group's liquidity and financial position to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future. The consolidated financial statements had been prepared on a going concern basis, the validity of which depends on the outcome of those plans and measures, which are subject to material uncertainties, including (i) agreeing with the relevant banks on waive of technical breaches and the extension or restructuring of the repayment schedules of the default loans; (ii) seeking new sources of financing from time to time at a reasonable cost, and (iii) exploring new business opportunities to diversity its revenue streams.

The directors of the Company have taken into account the likelihood of success of the plans and measures being implemented and are of the opinion that sufficient financial resources will be available to finance the Group's operations and to meet the Group's financial obligations as and when they fall due at least twelve months from the date of approval of the consolidated financial statements. Accordingly, the consolidated financial statements have been prepared on a basis that the Group will be able to continue as a going concern.

However, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves that the events or conditions underpinning the cash flow forecast of the Group for going concern assessment are reasonable and supportable, due to the lack of sufficient supporting basis from management, including the consent from bank to extend or restructure the repayment schedules of the default loans. Hence, we were unable to satisfy ourselves about the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated financial statements by the management of the Group.

Should the Group fail to continue as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effects of these adjustments have not been reflected in these consolidated financial statements.

ADDITIONAL MATTERS

Qualification on consolidation of Prosperous Printing (Shenzhen) Co., Ltd and insufficient accounting records

During the year ended 31 December 2024, the Group disposed machinery, fixtures and materials of Prosperous Printing (Shenzhen) Co., Ltd (the "**Prosperous (SZ)**") to settle the outstanding payment of Prosperous (SZ) factory's staff salary, social security fund and housing provident fund (the "**Disposal**"). Following the completion of the Disposal, the Group ceased the business of Prosperous (SZ). Due to insufficient of supporting documentation and explanations for the accounting books and records in respect of Prosperous (SZ) for the years ended 31 December 2025 and 2024, we were unable to carry out audit procedures to satisfy ourselves as to (i) the accuracy, existence and completeness of the income and expenditure for the years ended 31 December 2025 and 2024 and the assets and liabilities as at 31 December 2025 and 2024 of Prosperous (SZ), as detailed below, and other related disclosure notes in relation to the Prosperous (SZ), as included in the consolidated financial statements of the Group, and (ii) whether they have been accurately recorded and properly accounted for in the consolidated financial statements.

Income and expenditure for the years ended 31 December 2025 and 2024

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i> (Restated)
Revenue	–	38,992
Cost of sales	–	(41,158)
Gross loss	–	(2,166)
Other income	–	673
Other gains, net	–	8,637
Distribution costs	–	(637)
Administrative expenses	(100)	(17,983)
Impairment losses on property, plant and equipment	–	(51,676)
Impairment losses under expected credit loss model on trade and other receivables, net	–	(3,283)
Finance costs	–	(405)
Loss before tax	(100)	(66,840)
Income tax expense	–	(98)
Loss for the year	(100)	(66,938)

Assets and liabilities as at 31 December 2025 and 2024

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Bank balances and cash	–	98
Trade and other payables	(17,629)	(16,877)
Amount due to a shareholder	(4,054)	(3,882)
Income tax payable	(116)	(111)
	(21,799)	(20,772)

Qualification on comparative information – Impairment loss recognised for the plant and machinery

As detailed in Note 3.1(c) to the consolidated financial statements, the directors of the Group (the “**Directors**”) reassessed the impairment of the plant and machinery of Prosperous (SZ). In view of the cessation of Prosperous (SZ)’s operations following the completion of the Disposal, the Directors concluded that an amount of approximately HK\$51,676,000 of plant and machinery should be fully impaired for the year ended 31 December 2024.

Due to insufficient supporting documentation and explanations relating to the accounting books and records of Prosperous (SZ) for the year ended 31 December 2024, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the accuracy, occurrence, and completeness of the impairment loss on plant and machinery recognised for the year ended 31 December 2024.

Any adjustments that might have been found to be necessary in respect of the above would have consequential effects on the Group’s consolidated financial performance and cash flows for the year ended 31 December 2024 and the related disclosures. Our opinion on the current year’s consolidated financial statements is modified because of the possible effect of this matter on the comparability of the current year’s figures and the corresponding figures.

ANNUAL GENERAL MEETING

As at the date of this results announcement, the Company has not determined the date when the Company’s annual general meeting will be held and the relevant book closure arrangement. Further announcement(s) will be made by the Company as and when appropriate in accordance with the Listing Rules, which is expected to be published in April 2026.

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the website of the Stock Exchange at www.hkexnews.hk.

The annual report of the Company will be published on the above website in April 2026.

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

Hong Kong, 31 March 2026

As at the date of this announcement, the executive Directors are Mr. Lam Sam Ming, Ms. Yao Yuan, Ms. Chan Sau Po, Ms. Xu Yuling, Mr. Ye Baiming and Mr. Lai Chi-Yin Samuel; the non-executive Director is Mr. Lam John Cheung-wah; and the independent non-executive Directors are Ms. Cheung Yin, Mr. Wong Hei Chiu, Mr. Leung Vincent Gar-Gene and Mr. Siu Chi Yiu Kenny.

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 the 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 enquires, 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 (www.hkgem.com) for at least seven days from the day of its posting. This announcement will also be published on the Company's website at www.prosperous-printing-group.com.hk.