



**Prosperous Printing Company Limited**  
**萬里印刷有限公司**

(Incorporated in Hong Kong with Limited Liability)

Stock Code: 8385



**2025**  
Annual Report

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Lam Sam Ming (*Chairman*)  
Ms. Yao Yuan  
Ms. Chan Sau Po  
Ms. Xu Yuling (Appointed on 7 April 2025)  
Mr. Ye Baiming (Appointed on 5 September 2025)  
Mr. Lai Chi-Yin Samuel  
(Appointed on 5 February 2026)  
Mr. Lu Wei (Appointed on 9 April 2025,  
resigned on 5 September 2025)

### Independent non-executive Directors

Ms. Cheung Yin  
Mr. Wong Hei Chiu  
Mr. Leung Vincent Gar-Gene  
Mr. Siu Chi Yiu Kenny  
(Appointed on 5 February 2026)

### Non-executive Directors

Mr. Lam John Cheung-wah  
(Appointed on 18 September 2025)

## 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

## LEGAL ADVISOR

Seyfarth Shaw  
Suites 3701 & 3708–3710, 37/F  
Edinburgh Tower, The Landmark  
15 Queen's Road Central, Central  
Hong Kong

## REGISTERED OFFICE, HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room C, 12/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  
Chong Hing Bank Limited  
Cathay United Bank Company Limited  
Shanghai Commercial Bank Limited

## AUDITOR

TARGET CPA LIMITED  
Certified Public Accountants  
Unit E, 22/F, Tower A, Billion Centre  
1 Wang Kwong Road  
Kowloon Bay  
Hong Kong

## COMPANY'S WEBSITE

[www.prosperous-printing-group.com.hk](http://www.prosperous-printing-group.com.hk)

## STOCK CODE

8385

# HIGHLIGHTS

## 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).

# CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors (the “**Board**”) of the Company, I am pleased to present the annual report of the Company for the year ended 31 December 2025 (the “**Year**” or “**Current Period**” or “**Reporting Period**”).

## BUSINESS REVIEW AND FUTURE PROSPECTS

### I. Business Review

This year, the global economic recovery has been very sluggish, and the Group has continued to advance its strategic transformation and successfully expanded and diversified its service and product offerings. However, the Group's operations still face multiple challenges. Historically focusing on providing printing services to overseas publishers in markets such as the United States, the United Kingdom, Australia and Europe (excluding the United Kingdom), the Group's core expertise remains in book and paper-based products. Over the past year, we accelerated the development of new products and services introducing design services, a broadened packaging printing portfolio, one-solution printing services, and more technically advanced, eco-friendly printing materials and processes. These initiatives have diversified our product mix and increased the proportion of value-added services in our revenue stream, helping the Group to remain competitive and better positioned for sustainable growth.

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**”) has completed its operational wind-down and property handover; the office of the Group in Hong Kong (the “**Hong Kong Office**”) has been retained as a management, sales and customer-service centre. The Group has completed its production model transformation and now fulfils customer orders through the factory in Huizhou (the “**Huizhou Factory**”) (operated via our joint-venture arrangement) together with qualified printing service subcontractors in the PRC and Hong Kong. Since production commenced in the Huizhou Factory in November 2024, it has successfully undertaken various printing orders from the Group. This year, it has gradually achieved stable production capacity and aligned with quality standards, providing Group production options for business transformation and ensuring stable printing services.

These strategic adjustments, while involving short-term costs associated with transformation, have already begun to yield tangible benefits. The broadened service mix particularly design, packaging, one-stop printing solutions, and eco-friendly options contributed to revenue growth in 2025 and helped mitigate the decline in some traditional publishing volumes. Hence, the Group turned around from a gross loss position in the previous year to a gross profit position in the Current Year and reduced the net loss at the same time.

# CHAIRMAN'S STATEMENT

## II. Future Prospects and Strategic Planning

The Board has set a focused and optimistic strategic direction designed to capitalise on our strengthened capabilities and the Group's position in the region. Leveraging the extensive experience and business network of our management team, our in-depth understanding and knowledge of the industry and enriched product and service portfolio, the Group aims to transition from a traditional printing manufacturer into a differentiated brand solutions provider offering integrated "printing services + media promotion" solutions.

### *Conclusion*

While market conditions remain dynamic, the Board is encouraged by the positive commercial momentum achieved in 2025 through expansion of our services and product range. The progress in stabilising production, broadening our capabilities, and delivering higher-value and eco-conscious solutions gives us confidence in our ability to capture new growth opportunities, strengthen client relationships and create long-term value for shareholders. We remain committed to executing this strategy prudently and to building a resilient, future-ready Group.

## FINANCIAL REVIEW

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. Such decrease was mainly 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. 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.

## APPRECIATION

I would like to express my gratitude on behalf of the Group to all customers, suppliers, subcontractors, business partners and professional parties for their support to our business development. I also take this opportunity to thank the management and employees of the Group for their contribution and commitment throughout the year.

**Mr. Lam Sam Ming**

*Chairman*

Hong Kong, 31 March 2026

# PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

## EXECUTIVE DIRECTORS

**Mr. Lam Sam Ming (林三明) (“Mr. Lam”)**, aged 64, was appointed as our Director on 26 April 1993 and was re-designated as our executive Director on 8 September 2016. He is also the chairman and CEO of our Group and a controlling shareholder (as defined under the GEM Listing Rules) of the Company.

Mr. Lam is primarily responsible for the overall management and formulation of business strategy of our Group. He also oversees the overall financial and operation functions of our Group.

Mr. Lam has over 42 years of experience in the printing industry. Mr. Lam began his career in the printing industry when he was registered as an apprentice of The Hong Kong Printers Association in September 1976. Prior to founding our Group, Mr. Lam started his career in the industry when he was first employed as an apprentice by Hing Yip Printing Co. Ltd (“HYP”). He spent over 10 years with HYP between January 1983 and March 1993 and his last position at HYP was a manager of the production department.

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. Please refer to the section headed “History, Reorganisation and Corporate Structure – Our Corporate Development” in the Prospectus for further details. Currently, Mr. Lam assumes various directorships in our Group including those in Printplus Limited, Great Wall Printing Company Limited and Century Sight Limited. Mr. Lam is the spouse of Ms. Yao who is also our executive Director.

Mr. Lam was the sole director of Topping Shiny Limited (“**Topping Shiny**”), which was incorporated in Hong Kong, prior to its dissolution on 17 March 2017. The principal business of Topping Shiny was the provision of personalised photo albums. Topping Shiny was dissolved by way of deregistration under section 750 of the Companies Ordinance. Mr. Lam has not held any current or past directorships in any publicly listed companies whether in Hong Kong or overseas, during the three years immediately preceding the date of this annual report.

As at the date of this annual report, Mr. Lam is interested in 48,000,000 Shares held through First Tech Inc. (“**First Tech**”), which is wholly and beneficially owned by Mr. Lam. Mr. Lam is a director of First Tech.

**Ms. Yao Yuan (姚遠) (“Ms. Yao”)**, aged 49, was appointed as our Director on 10 March 2016 and was re-designated as our executive Director on 8 September 2016.

Ms. Yao is primarily responsible for overseeing and liaising with local officials in relation to our Group’s operations in the PRC. She has over 16 years of experience in the management of printing business and operations in the PRC. Prior to joining our Group, Ms. Yao was the general manager and a major shareholder of Royal Step Printing (Shenzhen) Company Limited (“**Royal Step (SZ)**”) from 2008 to 2015 and was primarily responsible for the overall management of the company. Royal Step (SZ) was our Group’s customer and sub-contractor during the three years ended 31 December 2019. Ms. Yao was also the director of Royal Step Printing Company Limited, a company incorporated in Hong Kong with limited liability and an Independent Third Party, from 2008 to 2015.

## PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Yao graduated from the University of Qiqihar (齊齊哈爾大學), the PRC, in July 1999 with a practicing diploma in Mechanical Design and Manufacturing (機械設計及製造). Ms. Yao is the spouse of Mr. Lam who is also our executive Director. Ms. Yao has not held any current or past directorships in any publicly listed companies whether in Hong Kong or overseas, during the three years immediately preceding the date of this annual report.

As at the date of this annual report, Ms. Yao is deemed to be interested in 48,000,000 Shares held by Mr. Lam, the spouse of Ms. Yao, through First Tech, which is wholly and beneficially owned by Mr. Lam.

**Ms. Chan Sau Po (陳秀寶) (“Ms. Chan”)**, aged 52, was appointed as our executive Director and chief financial controller of our Group on 8 September 2016.

Ms. Chan is primarily responsible for corporate financial planning, risk management, investor relations, accounting and treasury management of our Group. Ms. Chan joined our Group in February 1997 and has over 32 years of experience in accounting. Prior to joining our Group, she was employed by Stephen Law & Company, an audit firm, as audit senior from September 1991 to February 1997.

Ms. Chan obtained her higher diploma in accountancy from the Hong Kong Polytechnic University in 1999. Ms. Chan has not held any current or past directorships in any publicly listed companies whether in Hong Kong or overseas, during the three years immediately preceding the date of this annual report.

**Ms. XU Yuling (許鈺鈴) (“Ms. Xu”)**, aged 39, was appointed as our executive Director on 7 April 2025.

Ms. Xu is primarily responsible for identifying, evaluating and developing new business opportunities for the Group. Ms. Xu assumes various directorships in our Group including those in Jade View Limited, Yellow River Printing Company Limited and Kaisheng Intelligent Technology Co., Limited.

Ms. Xu graduated from Guangdong University of Finance & Economics with a bachelor’s degree in English (International Business Translation) in June 2009. She graduated from University of Leicester with a Master degree of Science in Management in January 2011.

Ms. Xu has been the general manager of Shenzhen Yu Letter Fund Management Co., Limited (深圳信鈺基金管理有限公司) since November 2016 and the senior vice president of Bona Chanceton Financial Investment Company Limited (博納川盟金融投資有限公司) since March 2021. Ms. Xu was chief operation officer of Buona Management Limited (博納管理有限公司) since 2022 and was responsible for trading business. Ms. Xu was appointed as chief financial officer of Crown International Corporation Limited (stock code: 727. hk) since 8 June 2023. Save as disclosed above, Ms. Xu has not held any current or past directorships in any publicly listed companies whether in Hong Kong or overseas during the three years preceding the date of this annual report.

**Mr. YE Baiming (葉百明) (“Mr. Ye”)**, aged 63, was appointed as our executive Director on 7 April 2025.

Mr. Ye is primarily responsible for formulating and supervising the Group’s marketing strategies and related business activities in PRC market.

Mr. Ye graduated from Guangdong Shipping School (廣東省航運學校). He served as manager of the trade department of Shenzhen Zhenhua Group (深圳振華集團) from July 1984 to December 1997 and as general manager of Shenzhen Zhenhua Building (深圳振華大廈酒店) from January 1998 to December 2003. Mr. Ye was the chairman of Shenzhen Baiming Real Estate Investment Co., Ltd. (深圳市百明置業投資有限公司) from 2004 to 2022. Mr. Ye has been the general manager of Shenzhen Sanfang High-tech Intelligent Technology Co., Ltd. (深圳市三方高科智能科技有限公司) since February 2023. Mr. Ye has not held any current or past directorships in any publicly listed companies whether in Hong Kong or overseas, during the three years immediately preceding the date of this annual report.

## PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

**Mr. Lai Chi-Yin Samuel (黎子彦) (“Mr. Lai”)**, aged 62, was appointed as our executive Director on 5 February 2026.

Mr. Lai is primarily responsible for formulating and supervising the Group’s marketing strategies and related business activities in Hong Kong market.

Mr. Lai holds a Master’s Degree of Business Administration and Higher Diploma of Business Administration from the University of Wales. Mr. Lai has accumulated over 30 years’ working experience as an executive in sales, marketing, administration and personnel while working at international companies in the United Kingdom, Hong Kong, Singapore, Thailand, and Pakistan. Mr. Lai was an executive director of China Health Technology Group Holding Company Limited (then known as China Bozza Development Holdings Limited), a company listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (Stock Code: 1069), from 13 September 2021 to 21 November 2023. Save as disclosed above, Mr. Lai has not held any current or past directorships in any publicly listed companies whether in Hong Kong or overseas during the three years preceding the date of this annual report.

### NON-EXECUTIVE DIRECTORS

**Mr. LAM John Cheung-wah (藍章華) (“Mr. John Lam”)**, aged 70, was appointed as our non-executive Director on 18 September 2025.

Mr. John Lam is primarily responsible for responsible for overseeing and negotiating the Group’s debt arrangements and banking matters.

Mr. John Lam graduated from Ryerson Polytechnical Institute (currently known as Toronto Metropolitan University) in Toronto, Canada in June 1988 where he received his bachelor of business management degree. He is a fellow of The Institute of Canadian Bankers and a fellow of the Royal Institution of Chartered Surveyors. He was a member of the Chinese People’s Political Consultative Conference Guangzhou Committee.

Mr. John Lam has substantial experience in the banking industry. From 1991 to 2005, he held various senior positions at Hongkong Bank of Canada (currently known as HSBC Bank Canada), HSBC California and Hang Seng Bank Limited. He subsequently worked at Dah Sing Bank, Limited from September 2005 to February 2012 with his last position as an executive director, head of retail banking. After that, Mr. John Lam acted as the vice chairman and an executive director of Nan Fung Property Holdings Limited in China Property Division between February 2013 and December 2021, and he has served as their consultant since January 2022.

Mr. John Lam is an independent non-executive director of Blue River Holdings Limited, a company listed on the Stock Exchange (Stock Code: 498), Oshidori International Holdings Limited, a company listed on the Stock Exchange (Stock Code: 622), Wing Lee Property Investments Limited, a company listed on the Stock Exchange (Stock Code: 864), and Envision Greenwise Holdings Limited, a company listed on the Stock Exchange (Stock Code: 1783). He is also a non-executive director of Lincoln Minerals Limited, a company listed on the Australian Stock Exchange (ASX: LML). He was an independent non-executive director of C&D Newin Paper & Pulp Corporation Limited, a company listed on the Stock Exchange (Stock Code: 731), from May 2022 to October 2024, and a non-executive director of USPACE Technology Group Limited (then known as Hong Kong Aerospace Technology Group Limited), a company listed on the Stock Exchange (Stock Code: 1725), from October 2021 to July 2022. Save as disclosed above, Mr. John Lam has not held any current or past directorships in any publicly listed companies whether in Hong Kong or overseas during the three years preceding the date of this annual report.

# PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Ms. Cheung Yin (張延) (“Ms. Cheung”)**, aged 60, was appointed as an independent non-executive Director on 15 November 2017. She is currently a financial controller of LWH Advisory Limited, a company incorporated in Macau which is principally engaged in provision of various financial services. Ms. Cheung is also the Company Secretary and Authorised Representative for Finet Group Limited (Stock Code: 8317) and GBA Holdings Limited (Stock Code: 261). Since 18 January 2021, Ms. Cheung has been appointed an independent non-executive director of Joyas International Holdings Limited (SGX: E9L) which is listed on the Catalist of Singapore Exchange Limited. She is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a Certified Practising Accountant of the CPA Australia.

Ms. Cheung obtained a master’s degree in Business Administration from the University of Wales, Newport in the United Kingdom in December 2009 and a Bachelor’s degree in Business (Accountancy) from the Charles Sturt University in Australia in April 1991.

Ms. Cheung worked for Coastal Greenland Limited which is listed on the Main Board of the Stock Exchange as a qualified accountant for the period from April 2004 to June 2007 and senior accounting manager/accounting manager for the period from September 1995 to March 2004. She has over 31 years of experience in accounting, auditing and financial management. Save as disclosed above, Ms. Cheung has not held any current or past directorships in any publicly listed companies whether in Hong Kong or overseas during the three years preceding the date of this annual report.

**Mr. Wong Hei Chiu (黃禧超) (“Mr. Wong”)**, aged 59, was appointed as an independent non-executive Director on 15 November 2017. Mr. Wong has over 31 years of corporate finance and financial management experience in Hong Kong and the PRC. Mr. Wong is currently an executive director, chief financial officer and company secretary of Kingmaker Footwear Holdings Limited, a listed company on the Main Board of the Stock Exchange (Stock Code: 1170). From January 2018 to March 2019, Mr. Wong was an independent non-executive director of Vico International Holdings Limited, whose shares are listed on the Main Board of Stock Exchange (stock code: 1621).

Mr. Wong has worked as the group financial controller and company secretary of Karce International Holdings Company Limited (now known as Jimei International Entertainment Group Limited), a company listed on the Main Board of the Stock Exchange (Stock Code: 1159) from June 2000 to July 2008; and as the finance director and company secretary of Wah Lee Resources Holdings Limited (now known as Kai Yuan Holdings Limited), a company listed on the Main Board of the Stock Exchange (Stock Code: 1215) from June 1996 to December 2000. Mr. Wong was also an independent non-executive director of Hong Wei (Asia) Holdings Company Limited, a company listed on the GEM of the Stock Exchange (Stock Code: 8191), during the period from December 2013 to June 2016.

Mr. Wong obtained an Executive Diploma in Corporate Governance and Sustainability Directorship from The Hong Kong Institute of Directors and completed the Prince of Wales’ Business Sustainability Programme from the University of Cambridge Institute for Sustainability Leadership in 2019.

Mr. Wong obtained an Executive Master’s degree in Business Administration from The Chinese University of Hong Kong in November 2016 and a Bachelor’s degree in business administration from Lingnan University, Hong Kong in November 1996. He is a Certified Public Accountant (Practising), a fellow member of The Association of Chartered Certified Accountants in the United Kingdom, a fellow member of The Institute of Chartered Accountants in England and Wales and an associate member of Hong Kong Institute of Certified Public Accountants. Mr. Wong is also a fellow member of the Hong Kong Institute of Directors. Save as disclosed above, Mr. Wong has not held any current or past directorships in any publicly listed companies whether in Hong Kong or overseas during the three years preceding the date of this annual report.

## PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

**Mr. Leung Vincent Gar-Gene (梁家進) (“Mr. Leung”)**, aged 40, was appointed as an independent non-executive Director on 15 November 2017. Mr. Leung is an experienced finance and accounting professional. He is currently a director of Gemcoast Limited, a private company in Hong Kong principally engaged in providing financial consultancy services to its clients. He is a member of Chartered Accountants in Australia and New Zealand and is a member of its Hong Kong Council. He is also a licensed person to carry on Type 9 (asset management) regulated activity under the Hong Kong Securities and Futures Ordinance since July 2019.

Mr. Leung has been as an independent non-executive director of GBA Holdings Limited (stock code: 261) from 27 March 2023. He was also appointed to the board of Evergrande New Energy Vehicle Company (Stock code 708) as an independent non-executive director on the 5 August 2024. Previously, Mr Leung was an independent non-executive director of Samson Paper Holdings Limited (now known as C&D Newin Paper & Pulp Corporation Limited) (stock code: 731) from July 2020 to January 2022.

Mr. Leung obtained a bachelor of commerce degree from The University of New South Wales, Australia in March 2006. Save as disclosed above, Mr. Leung has not held any current or past directorships in any publicly listed companies whether in Hong Kong or overseas during the three years preceding the date of this annual report.

**Mr. Siu Chi Yiu Kenny (邵志堯) (“Mr. Siu”)**, aged 59, was appointed as our independent non-executive Director on 5 February 2026.

Mr. Siu was awarded a Professional Diploma in Building Surveying from Hong Kong Polytechnic University in 1990 and a Master of Business Administration degree from the University of South Australia in 2009. He was admitted as a chartered member of the Chartered Institute of Housing in September 2014 and a professional member of the Royal Institution of Chartered Surveyors in October 2014.

Mr. Siu has over 27 years of experience in sales and marketing, project management and consultancy in the property industry. He has the experience of employment with a number of major property developers, including Shui On Properties Limited (from 1993 to 1994), Harbour Ring Property Development Limited (now known as China Oceanwide Property Sino Limited) (from 1994 to 1997), SIIC Investment Company Limited (from 1997 to 2009) and Hsin Chong Construction Group (from 2014 to 2016). In 2009, Mr. Siu established Kenny Siu Surveyors & Co., being a local real estate surveying firm in Hong Kong, in which he is now working as a director and consultant specialising in project finance and development study. Mr. Siu has also been appointed as a visiting professor of Jiangxi University of Finance and Economics\* (江西財經大學) since March 2016. He has been an independent non-executive director of Uritas Holdings Limited, a company listed on the Stock Exchange (Stock Code: 8020), since 22 December 2017. Save as disclosed above, Mr. Siu has not held any current or past directorships in any publicly listed companies whether in Hong Kong or overseas during the three years preceding the date of this annual report.

### COMPLIANCE OFFICER

Ms. Chan, the executive Director, is the compliance officer of our Group. Please refer to the sub-section headed “*Board of Directors – Executive Directors*” above for her biographical details.

# 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”.

# MANAGEMENT DISCUSSION AND ANALYSIS

## (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.

## MANAGEMENT DISCUSSION AND ANALYSIS

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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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

## MANAGEMENT DISCUSSION AND ANALYSIS

- (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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 15 (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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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.

# CORPORATE GOVERNANCE REPORT

## INTRODUCTION

Pursuant to Rule 18.44(2) of the GEM Listing Rules, the Board is pleased to present the corporate governance report of the Company for the year ended 31 December 2025 (the “**Reporting Period**”).

The Company has made continued efforts to incorporate the key elements of sound corporate governance in its management structures and internal control procedures. The Company is committed to maintaining a high standard of corporate governance, the principles of which serve to uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, and to ensure that affairs are conducted in accordance with applicable laws and regulations.

The Board believes that good and effective corporate governance practices are keys to obtaining and maintaining the trust of the shareholders of the Company (the “**Shareholders**”) and other stakeholders, and are essential for encouraging accountability and transparency so as to sustain the success of the Group and to create long-term value for the Shareholders.

## 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 of the GEM Listing Rules, which includes developing and reviewing the Company’s policies and practices on corporate governance, training and continuous professional development of Directors, and reviewing the Company’s compliance with the code provision in the CG Code and disclosures in this report.

The Company has complied with the principles and applicable code provisions of the CG Code for the 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.

# CORPORATE GOVERNANCE REPORT

## DIRECTORS' SECURITIES TRANSACTIONS

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 Reporting Period.

## BOARD OF DIRECTORS

The Board meets regularly for considering, reviewing and/or approving matters relating to, among others, the financial and operating performance, as well as, the overall strategies and policies of our Company. Additional meetings are held when significant events or important issues are required to be discussed and resolved.

The Directors' responsibilities include inter alia:

- To attend regular Board meetings focusing on business strategy, operational issues and financial performance;
- To approve annual budgets covering strategy, financial and business performance, key risks and opportunities;
- To monitor the quality, timeliness, relevance and reliability of internal and external reporting;
- To consider and approve the consolidated financial statements in quarterly, interim reports, annual reports and announcements;
- To focus its attention on matters affecting the Company's overall strategic policies, finances and Shareholders;
- To consider dividend policy and dividend amount; and
- To review and monitor the corporate governance policies and practices of the Group to ensure compliance with the legal and regulatory requirements.

The Company has taken out director liability insurance to cover liabilities arising from legal action against the Directors.

# CORPORATE GOVERNANCE REPORT

## Composition

The composition of the Board as at the date of this report is set out as follows.

### *Executive Directors*

Mr. Lam Sam Ming (*Chairman*)  
Ms. Yao Yuan  
Ms. Chan Sau Po  
Ms. Xu Yuling  
Mr. Ye Baiming  
Mr. Lai Chi-Yin Samuel

### *Non-executive Director*

Mr. Lam John Cheung-wah

### *Independent non-executive Directors*

Ms. Cheung Yin  
Mr. Wong Hei Chiu  
Mr. Leung Vincent Gar-Gene  
Mr. Siu Chi Yiu Kenny

Save for the spousal relationship between Mr. Lam and Ms. Yao Yuan, there is no financial, business, family or other material/relevant relationship among members of the Board.

All Directors have distinguished themselves in their field of expertise, and have exhibited high standards of personal and professional ethics and integrity. The profile of each Director are set out in the section headed “Profiles of Directors and Senior Management” of this report.

With the various experience of the executive Directors and the independent non-executive Directors (the “INEDs”) and having regard to the nature of the Group’s business, the Company recognises the benefits of having a Board with well-balanced experience and qualification to maintain a sustainable business development of the Group in long run. In recognition of the Company’s commitment to a well-balanced Board, the nomination committee is entrusted to review the Company’s human resources policy and recruitment process to ensure the effectiveness of the policy.

Each of Ms. Xu Yuling, Mr. Ye Baiming, Mr. Lai Chi-Yin Samuel, Mr. Siu Chi Yiu Kenny and Mr. Lam John Cheung-wah confirms that he/she (i) confirms that she (i) has obtained the legal advice referred to under Rule 5.02D of the GEM Listing Rules on 7 April 2025, 5 September 2025, 5 February 2026, 5 February 2026 and 18 September 2025; and (ii) understands his/her obligations as a director of a listed issuer under the GEM Listing Rules.

# CORPORATE GOVERNANCE REPORT

## NUMBER OF MEETINGS AND DIRECTORS' ATTENDANCE

During the the year ended 31 December 2025, the individual attendance record of the Board meetings is set out as follows:

<b>Name of Directors</b>	<b>Number of Board Meetings attended/eligible to attend</b>
Mr. Lam Sam Ming	7/7
Ms. Yao Yuan	7/7
Ms. Chan Sau Po	7/7
Ms. Cheung Yin	7/7
Mr. Wong Hei Chiu	7/7
Mr. Leung Vincent Gar-Gene	7/7
Ms. Xu Yuling	6/6
Mr. Ye Baiming	2/2
Mr. Lai Chi-Yin Samuel	N/A
Mr. Lam John Cheung-wah	1/1
Mr. Siu Chi Yiu Kenny	N/A

## INDEPENDENT NON-EXECUTIVE DIRECTORS

In compliance with Rules 5.05A, 5.05(1) and (2) of the GEM Listing Rules, the Company has appointed three INEDs representing at least one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. As such, there is a strong element in the Board to provide independent judgment.

In accordance with code provision C.3.3 of the Code, the Company has entered into a letter of appointment with each of the INEDs for initially a fixed term of two years commencing from 13 December 2023 and will continue thereafter until terminated by either party giving not less than three months' written notice to the other party.

The Company has received an annual confirmation of independence from each INED pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers the INEDs to remain independent as at the date of this report.

## TERMS OF APPOINTMENT AND RE-ELECTION OF DIRECTORS

The service agreements and/or letters of appointment of the Directors are subject to termination in accordance with their respective terms. They can be renewed in accordance with the articles of association of the Company (“**Articles**”) and the applicable GEM Listing Rules.

## CORPORATE GOVERNANCE REPORT

As required under the Articles, all Directors are subject to election by the Shareholders at the first general meeting after their appointment by the board of directors. At every annual general meeting of the Company at least one-third of the Directors for the time being shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election thereat.

### FUNCTIONS OF THE BOARD AND MANAGEMENT

The Board supervises the management of the business and affairs of the Company and ensures that it is managed in the best interests of the Shareholders as a whole while taking into account the interest of other stakeholders. The Board is primarily responsible for formulating the business strategy, reviewing and monitoring the business performance of the Group, approving the financial statements and annual budgets as well as directing and supervising the management of the Company. Execution of operational matters and the powers thereof are delegated to the management by the Board with clear directions. The Board is regularly provided with management report to give a balanced and understandable assessment of the performance, position, recent development and prospect of the Group in sufficient details.

The Board is also responsible for the corporate governance functions under code provision A.2 of the CG Code. The Board has reviewed and discussed the corporate governance policy of the Group and is satisfied with the effectiveness of the corporate governance policy.

### DIRECTORS TRAINING AND PROFESSIONAL DEVELOPMENT

To assist the Directors' continuing professional development, the Company recommends Directors to attend relevant seminars to develop and refresh their knowledge and skills. The Directors also participate in continuous professional development programmes such as external seminars and forums organised by qualified professionals, to develop and refresh their knowledge as to the industry and skills in relation to their contribution to the Board.

All the Directors understand the importance of continuous professional development and are committed to participate in any suitable training to develop and refresh their knowledge and skills.

During the Reporting Period, all the Directors participated in a training seminar regarding director's responsibilities and duties by the Company's legal advisers to ensure that he/she has appropriate understanding of his/her responsibilities and obligations under the GEM Listing Rules and relevant regulatory requirements. Such training seminar was related to corporate governance, connected transactions and directors' continuing obligations.

The Company has maintained the training record in respect of each Director. There are also arrangements in place for providing continuing briefing and professional development to Directors by the Company whenever necessary.

# CORPORATE GOVERNANCE REPORT

## BOARD COMMITTEES

The Board has established four Board committees, namely, the audit committee, the remuneration committee, the nomination committee and the risk management committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with respective written terms of reference. All the Board committees should report to the Board on their decisions and works. The practices, procedures and arrangements of conduct of committee meetings follow in line with, so far as practicable, those of the Board meetings and the respective terms of reference of the committees.

All Board committees are provided with sufficient resources to perform their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstance, at the Company's expense.

### Audit Committee

The audit committee was established on 15 November 2017 with its written terms of reference in compliance with the CG Code. The primary duties of the audit committee are to review and supervise our financial reporting process and internal control system, nominate and monitor external auditors and to provide advice and comments to the Board on matters related to corporate governance.

The audit committee consists of three members, being Ms. Cheung Yin (Chairman), Mr. Wong Hei Chiu and Mr. Leung Vincent Gar-Gene.

During the the year ended 31 December 2025, the individual attendance record of the meetings of the audit committee is set out as follows:

During the meeting, the audit committee reviewed (i) the Group's audited consolidated financial statements for the Reporting Period, with a recommendation to the Board for approval; (ii) the Group's financing and accounting policies; and (iii) the Group's internal control system and risk management functions.

<b>Name of Directors</b>	<b>Number of meetings of the audit committee attended/eligible to attend</b>
Ms. Cheung Yin ( <i>Chairman</i> )	4/4
Mr. Wong Hei Chiu	4/4
Mr. Leung Vincent Gar-Gene	4/4

### Remuneration Committee

The remuneration committee was established on 15 November 2017 with its written terms of reference in compliance with the CG Code. The primary duties of the remuneration committee are to make recommendations to the Board on the remuneration of all Directors and senior management and determine, with delegated responsibilities, the remuneration package of individual Director and senior management.

The remuneration committee consists of three members, being Mr. Wong Hei Chiu (Chairman), Ms. Cheung Yin and Mr. Lam Sam Ming.

# CORPORATE GOVERNANCE REPORT

During the year ended 31 December 2025, the individual attendance record of the meetings of the remuneration committee is set out as follows:

<b>Name of Directors</b>	<b>Number of meetings of the remuneration committee attended/eligible to attend</b>
Mr. Wong Hei Chiu ( <i>Chairman</i> )	5/5
Ms. Cheung Yin	5/5
Mr. Lam Sam Ming	5/5

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.

## Nomination Committee

The nomination committee was established on 31 December 2017 with its written terms of reference in compliance with the code provisions of the CG Code. The primary duties of the nomination committee are to make recommendations to the Board regarding candidates to fill vacancies on the Board and/or in senior management.

The nomination committee consists of three members, being Mr. Lam Sam Ming (Chairman), Mr. Wong Hei Chiu and Ms. Cheung Yin.

During the year ended 31 December 2025, the individual attendance record of the meetings of the nomination committee is set out as follows:

<b>Name of Directors</b>	<b>Number of meetings of the nomination committee attended/eligible to attend</b>
Mr. Lam Sam Ming ( <i>Chairman</i> )	5/5
Mr. Wong Hei Chiu	5/5
Ms. Cheung Yin	5/5

## Board Nomination Policy

The Company has implemented a nomination policy in accordance with the CG Code. Under this policy, written guidelines have been established to assist the Nomination Committee in identifying individuals who are suitably qualified to serve as members of the Board and in making recommendations to the Board regarding the nomination of candidates for directorships based on prescribed criteria. The ultimate responsibility for the selection and appointment of new Directors rests with the Board.

# CORPORATE GOVERNANCE REPORT

Through the delegation of its authority to the Nomination Committee, the Board endeavours to ensure that Directors appointed possess the appropriate background, experience, and expertise in business, finance, and management that are essential to the Group's operations. Collectively, the Directors bring a diverse range of skills and competencies that are relevant to and valuable for the effective governance and strategic development of the Group.

## *Nomination Process and Selection Criteria*

The Nomination Committee considers whether a candidate possesses the appropriate qualifications, skills, experience, and gender diversity that would enhance and complement the existing Board's collective capabilities. In its assessment, the Nomination Committee evaluates candidates' personal and professional integrity, demonstrated achievements and expertise in their respective fields, ability to exercise sound business judgment, and capability to contribute skills that are complementary to those of the current Directors. Consideration is also given to a candidate's ability to support management and make meaningful contributions to the Company's long term success, together with any other factors deemed to be in the best interests of the Company and the shareholders.

Through the delegation of its authority to the Nomination Committee, the Board endeavours to ensure that newly appointed Directors possess the relevant background, experience, and expertise in business, finance, and management that are critical to the Company's operations, enabling the Board to make well informed and prudent decisions. Collectively, the Directors bring competencies that are relevant and valuable to the Company.

## **Risk Management Committee**

The risk management committee was established on 15 November 2017 with its written terms of reference in compliance with the CG Code. The primary duties of the risk management committee are to assist the Board in overseeing the Group's compliance with laws and regulations relevant to its business operations and to review the effectiveness of the Group's regulatory compliance procedures and system.

The risk management committee consists of three members, being Mr. Lam Sam Ming (Chairman) and Ms. Chan Sau Po.

During the year ended 31 December 2025, the individual attendance record of the meetings of the risk management committee is set out as follows:

<b>Name of Directors</b>	<b>Number of meetings of the risk management committee attended/eligible to attend</b>
Mr. Lam Sam Ming ( <i>Chairman</i> )	1/1
Ms. Chan Sau Po	1/1

## **DIVERSITY OF THE BOARD**

The composition of the Board is reviewed on an annual basis by the Nomination Committee to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competence for informed decision-making and effective functioning. The Company adopted its own Board diversity policy and recognised the benefits of having diversity in the composition of the Board.

## CORPORATE GOVERNANCE REPORT

The Company noted that that people from different backgrounds and with different professional and life experiences would likely approach problems in different ways and accordingly, members of the Board with diverse backgrounds will bring different concerns and questions to the table, and allow the Board to consider a wider range of options and solutions when deciding on corporate issues and formulating policies for the Group. In determining the Board's composition and selection of candidates to the Board, Nomination Committee will consider factors including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, industry knowledge and length of service.

All Board appointments will be based on meritocracy, and candidates will be considered against the selection criteria, having regard for the benefits of diversity on the Board, the business model and specific needs of the Group. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

### Gender Diversity

As at 31 December 2025, the Group's workforce (including senior management) is approximately 53.3% female, among which, approximately 44.4% of the Group's senior management roles are held by women.

The Nomination Committee has reviewed the membership, structure and composition of the Board, and is of the opinion that the structure of the Board is reasonable, and the experiences and skills of the Directors in various aspects and fields can enable the Company to maintain a high standard of operation, and considered that it was in accordance with the board diversity policy.

### Workforce Diversity

The gender ratio in the workforce (including senior management) for the year ended 31 December 2025 is 1 man: 1.14 women. The total gender diversity of the Company is balanced and the Company will continue to maintain the gender diversity in workforce. For further details of gender ratio and initiatives taken to improve gender diversity together with the relevant date, please refer to the disclosure in the Environmental, Social and Governance report.

## INTERNAL CONTROLS AND RISK MANAGEMENT

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

## CORPORATE GOVERNANCE REPORT

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions, including production, procurement, marketing, finance, human resources, information technology. Self-evaluation has been conducted annually to confirm that control policies are properly complied with by each department.

All departments conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. The management, in coordination with department heads, assess the likelihood of risk occurrence, provide treatment plans, and monitor the risk management progress. The management has reported to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the Reporting Period.

There being no internal audit unit as the Board does not perceive the cost efficiency to set up one at the present scale of operations of the Company, the Board has invested resources to enhance the internal control system and to take active steps in addressing the recommendation of the internal control system review in the management letter from the external auditors during the audit process.

During the Reporting Period, the Board reviewed the effectiveness of the Group's risk management and internal control systems, including the financial, operational and compliance controls, and considered that such systems are effective and adequate.

The Company has developed its disclosure policy which provides a general guide to the Company's directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

### DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

All Directors acknowledge their responsibilities to prepare the Group's consolidated financial statements for the Reporting Period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that year. The Directors continue to adopt the going concern approach in preparing the consolidated financial statements and are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The responsibilities of the external auditors about their financial reporting are set out in the independent auditor's report attached to the Company's consolidated financial statements for the Reporting Period in this report.

### BOARD'S VIEW ON MATERIAL UNCERTAINTY

The Group incurred a loss of approximately HK\$43.1 million for the year ended 31 December 2025, and as of that date, the Group has net current liabilities of approximately HK\$117.3 million. The Group had total bank loans and overdrafts of approximately HK\$126.0 million, which are repayable on demand or within one year, while the Group had bank and cash balances of approximately HK\$0.6 million only. As a result of breach of loan covenants, current bank borrowings of approximately HK\$115.3 million as at 31 December 2025 became due and repayable on demand, and were classified as current borrowings accordingly.

## CORPORATE GOVERNANCE REPORT

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 of the Company 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 of the Company 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 of the Company are 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, it is appropriate to prepare the consolidated financial statements on a going concern basis.

However, in respect of the assumptions regarding the successful and favourable outcomes of the plans and measures being undertaken by the management of the Company as detailed above, the auditors were unable to obtain the information that they considered necessary for their evaluation of the viability of the plans and measures to the extent that it necessary based on the cash flow forecast due to the unavailability of the information of the assumptions used in the going concern basis.

## CORPORATE GOVERNANCE REPORT

Due to the limitations on the scope of work as stated above and there are no alternative audit procedures that the auditors can perform to obtain sufficient appropriate audit evidence to support the above plans and measures can be successfully implemented, as a result, the auditors were unable to obtain sufficient appropriate evidence to conclude whether the directors' use of the going concern basis of accounting to prepare the consolidated financial statements is appropriate.

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.

To resolve the going concern issues, the Group will continue to undertake the following measures: (1) 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, (2) the Group has been actively negotiating with its bankers to renew or/and extend its existing banking facilities, (3) the Group intends to dispose of certain properties, (4) 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.

### CHANGE OF AUDITOR

WM CPA Limited ("WM") resigned as the auditor of the Company with effect from 3 November 2025. WM has confirmed in writing that, save as disclosed above, there are no other matters or circumstances in relation to its resignation that need to be brought to the attention of the shareholders of the Company.

TARGET CPA LIMITED has been appointed as the new auditor of the Group with effect from 25 November 2025.

### AUDITOR'S REMUNERATION

During the Reporting Period, the Company engaged TARGET CPA LIMITED ("TARGET") as the external auditor. The fees in respect of audit services provided by TARGET for the Reporting Period amounted to approximately HK\$780,000. No auditor had been engaged to provide non-audit services.

### COMPANY SECRETARY

**Mr. Chen Kun**, was appointed by the Board as the company secretary of the Company with effect from 31 December 2020. Mr. Chen is a practising solicitor and an external company secretarial service provider. Mr. Chen is not an employee of the Company.

### DIVIDEND POLICY

The declaration of dividends is subject to the discretion of our Board and the approval of our Shareholders. Our Directors may recommend a payment of dividends in the future after taking into account our operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, shareholders' interests and other factors which they may deem relevant at such time. Any declaration and payment as well as the amount of the dividends will be subject to our constitutional documents and the Cayman Companies Law, including the approval of our Shareholders. Any future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Directors.

# CORPORATE GOVERNANCE REPORT

## SHAREHOLDERS' RIGHT

### Convening of Extraordinary General Meeting on Requisition by Shareholders

Pursuant to Article 74 of the Articles, the Board may, whenever it thinks fit, convene an extraordinary general meeting (“EGM”). EGMs shall also be convened on the requisition of one or more Shareholders in accordance with the Companies Ordinance (Cap 622, Laws of Hong Kong), which provides (1) the members of a company may request the directors to call a general meeting of the company; (2) the directors are required to call a general meeting if the company has received requests to do so from members of the company representing at least 5% of the total voting rights of all the members having a right to vote at general meetings; (3) a request (a) must state the general nature of the business to be dealt with at the meeting; and (b) may include the text of a resolution that may properly be moved and is intended to be moved at the meeting; and (4) requests may consist of several documents in like form; and (5) a request (a) may be sent to the company in hard copy form or in electronic form; and (b) must be authenticated by the person or persons making it.

### Right to Put Enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. Shareholders may send their enquiries or requests in respect of their rights to the Company's principal place of business in Hong Kong.

### Procedure for Shareholders to Put Forward Proposals at Shareholders' Meetings

The Companies Ordinance provides that, a company must give notice of a resolution if it has received requests that it do so from: (a) the members of the company representing at least 2.5% of the total voting rights of all the members who have a right to vote on the resolution at the annual general meeting to which the requests relate; or (b) at least 50 members who have a right to vote on the resolution at the annual general meeting to which the requests relate.

The Companies Ordinance also provides that, the request (a) may be sent to the company in hard copy form or in electronic form; (b) must identify the resolution of which notice is to be given; (c) must be authenticated by the person or persons making it; and (d) must be received by the company not later than (i) 6 weeks before the annual general meeting to which the requests relate; or (ii) if later, the time at which notice is given of that meeting.

All request shall be sent to the principal place of business of the Company in Hong Kong or by e-mail to [rainbow@prosperous-printing.com](mailto:rainbow@prosperous-printing.com) for the attention of the Company Secretary.

# CORPORATE GOVERNANCE REPORT

## INVESTOR RELATIONS

The Company does not currently have a fixed dividend policy. The Board will determine any future dividend policy on the basis of, among others things, the results of operations, cash flows and financial conditions, operating and capital requirements, the amount of distributable profits and other relevant factors. And declaration and payment of dividends may also be limited by restrictions under the laws of Hong Kong, the Company's constitutional documents, the Listing Rules and any other applicable laws and regulations. The Group uses several formal channels to ensure fair disclosure and comprehensive and transparent reporting of its performance and activities in accordance with GEM Listing Rules.

The Company's annual and interim reports and circulars are printed and sent to all Shareholders.

Moreover, announcements, circulars, publications and press releases of the Company are published on the Company's website ([www.prosperous-printing-group.com.hk](http://www.prosperous-printing-group.com.hk)). The Company's website disseminates corporate information and other relevant financial and non-financial information electronically on a timely basis.

In accordance with the GEM Listing Rules, the Company made available to the Shareholders the options for the Shareholders to elect means of receipt of future Corporate Communications, the details of which are set out in the announcement dated 16 January 2024.

The Company acknowledges that general meetings are good communication channel with Shareholders and the Directors and the members of the Board committees are encouraged to attend and answer questions raised by Shareholders at the general meetings.

The Company is committed to promoting and maintaining effective communication with Shareholders and other stakeholders. The Board is committed to ensuring that the Shareholders are provided with ready, equal and timely access to balanced and understandable information about the Company so as to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders to engage actively with the Company.

## CONSTITUTIONAL DOCUMENT

During the Reporting Period, there had been no change in the Company's constitutional documents.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## INTRODUCTION

Prosperous Printing Company Limited (the “**Company**”) and its subsidiaries (the “**Group**”) are committed to promoting sustainable development and social responsibility, which is important to create long-term value for the Group’s stakeholders, including shareholders, employees and all the business counterparts. The Group strives to provide our employees, being invaluable assets, with a safe and healthy working environment as well as talent training and development. This report covers environmental, social and governance matters of the Group for the year commencing 1 January 2025 to 31 December 2025 (“**FY2025**”) with information and comparative figures of the previous year ended 31 December 2024 (“**FY2024**”) included for comparison purpose.

This environmental, social and governance report has been prepared in compliance with the Environmental, Social and Governance Reporting Code set out in Appendix C2 to Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (“**GEM Listing Rules**”). The following report has been prepared for disclosure of material information about the sustainability-related risks and opportunities to which the Group is exposed and expected to affect our business operation, including information about governance, strategy, risk, measurement metrics and targets on the identified aspects. The underlying information and data have been collected by us based on available and supportable information at the reporting date without undue cost or effort for compilation and disclosure.

The Group is principally engaged in the production and sale of books and paper products. This report discloses information on the business activities of production sites directly controlled by the Group, excluding data and information relating to our customers or suppliers. In June 2024, the Group closed its production facility located at Unit 101, 8 Ci Cheng Road, Bao’an Community, Yuan Shan Road, Longgang District, Shenzhen City, People’s Republic of China (the “**PRC**”) (hereinafter referred to as our “**Shenzhen Factory**”), and in December 2024, it closed its production facility located at 3/F, Yip Cheung Centre, 10 Fung Yip Street, Chai Wan, Hong Kong (hereinafter referred to as the “**Hong Kong Office**”). Accordingly, the information covered in this report primarily relates to the Hong Kong Office of the Group.

In the meantime, as disclosed in the announcement dated 30 October 2024, the Group entered into a joint venture agreement and invested in an associated printer 鈺彩印刷服務(惠州)有限公司 operating in Huizhou City, Guangdong Province, PRC that the Group had 28% equity interests (“**Huizhou Factory**”). Huizhou Factory occupied 9,640 square meters production premises and planned to equip with five printing presses, binding, folding and sewing machines for setting up a full fledged printing operation going forward.

We believe that understanding the views of our stakeholders lays a solid foundation to the long-term growth and success of the Group. We develop multiple channels to a broad spectrum of stakeholders in order to provide them with the opportunity to express their views on our sustainability performance and future strategies. To reinforce mutual trust and respect, we are committed to maintaining enduring communication channels, both formally and informally, with stakeholders to enable us to better shape our business strategies in order to respond to their needs and expectations, anticipate risks and strengthen key relationships. We have identified employees, customers, suppliers, business partners, banks, shareholders, government and the community at large as our key stakeholder groups. The information collected through different communication processes serves as an underlying basis for the structure of this ESG Report.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In preparing this environmental, social and governance report, the Group has applied the reporting principles set out in the Environmental, Social and Governance Reporting Code. The reporting principles adopted by the Group are as follows:

**Materiality:** Through a systematic materiality assessment process, the Group identifies environmental, social, and governance matters that have a significant impact on investors and other stakeholders.

**Quantitative:** The Group is committed to providing quantitative data for various key performance indicators (KPIs).

**Balance:** This report presents the Group's performance in an impartial manner.

**Consistency:** The statistical methods, units of measurement, and calculation bases adopted by the Group in this report are consistent with those of prior year to ensure the comparability of all data.

## MATERIALITY ASSESSMENT

With reference to its business development strategies and industry practices, the Group has identified and determined the following environmental, social and governance matters as relatively significant:

### **Environmental, social and governance matters that are relatively significant**

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Emissions of exhaust and greenhouse gases (“GHG”)

Emissions of hazardous waste

Energy management

Water resources and wastewater management

Ecological impacts

Climate-related risks and opportunities

Labour practices

Employee health and safety

Employee engagement, diversity and inclusion

Supply chain management

Sales practices and product labelling

Product quality and safety

Anti-corruption

Community investment

Major accident risk management

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 1. Environmental Protection Strategy

The Group is environmental conscious and strives to operate its production processes and facilities that maximizing our resources efficiently, improving productivity while minimizing the unfavorable impacts to the environment and community, seeking to contribute to the improvement of ecological environment and our sustainable development. The Group has to ensure that our operations are compliant with all the relevant and applicable environmental rules and regulations. The Group will endeavour to formulate specific environment-related targets when it is able to collect more comprehensive environment-related data.

Climate change has become a significant global issue affecting the long-term development of enterprises, with relevant risks and opportunities gradually emerging. At the operational and strategic levels, enterprises must prudently assess the potential impacts of climate change to enhance business resilience and sustainability. Against this backdrop, the Group places great importance on climate-related matters. Regarding physical risks, climate change has led to increasingly frequent and severe extreme weather events, such as floods, typhoons and extreme high temperatures. Such events may damage infrastructure and affect the normal work of employees, thereby disrupting service delivery. They may also lead to supply chain disruptions, adversely affecting the Group's operations and potentially resulting in a decline in revenue. The Group will continuously endeavour to enhance climate-related information disclosure to more comprehensively reflect relevant risks and their potential impacts on the business.

### 1.1 Environmental Rules and Regulations

Our printing operations were subject to various environmental rules and regulations, such as, PRC Environmental Protection Law (中華人民共和國環境保護法), PRC Prevention and Control of Environmental Pollution Caused by Solid Waste Law (中華人民共和國固體廢物污染環境防治法), Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong), Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong), Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong) and Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong). Any non-compliance with the relevant provisions of the laws and regulations would be subject to penalties and fines by the authorities and might cause disruption to our normal production activities. In addition, the Group had incurred recurrent operating costs for monitoring and management of our internal control system on environmental protection, including engagement of qualified companies to conduct testing on the emissions of exhaust gases and effluent during production processes to ensure that we were in full compliance with all the environmental and safety laws and regulations.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group is not aware of any material non-compliance with the relevant laws and regulations that have a significant impact on the Group relating to air and GHG emissions, discharges into water and land, generation of hazardous and non-hazardous wastes during FY2025.

## 1.2 Green Production Objective

During production, the Group measures, monitors and controls the level of emissions of exhaust gases, GHG and generation of hazardous wastes and to look for possible improvements for reducing the level of emissions and wastes generated from production.

The Group believes that reducing the level of GHG emission and hazardous wastes will help contribute to a cleaner environment and reduce the cause of severe weather. The Group endeavors to recycle useful waste, which will not only reduce the quantity of dumping wastes, but will also generate other income with minimum pollution on environment.

### 1.2.1 Emissions Measurements

For GHG emissions:

- Scope 1 emissions as direct GHG emissions from sources that are owned or controlled by an entity (“**Scope 1**”);
- Scope 2 emissions as indirect GHG emissions from the generation of purchased or acquired electricity, steam, heating or cooling consumed by an entity (“**Scope 2**”);
- Scope 3 emissions as indirect GHG emissions that occur in the value chain of an entity, including both upstream and downstream emissions. Scope 3 GHG emissions include the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011) which described 15 categories, including but not limited to: purchased goods and services, upstream and downstream transportation and distribution, waste generated in operations, business travel, employee commuting, capital goods that are relevant to our business operation (“**Scope 3**”).

As the new offices in Shenzhen, the PRC, and Hong Kong would only commence operations in June 2025, and given the low level of usage, emissions of exhaust, GHG and waste were immaterial. The Group is committed to improving data collection and will disclose relevant data and targets in the future. Following the closure of the Shenzhen Factory and the production facility of the Hong Kong Office, the Group had no sales orders requiring production; therefore, no paper materials were purchased (HK\$8.0 million in FY2024).

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Regarding the disposal of hazardous waste generated during the production process, the Group strictly complies with the Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes, and engages independent and licensed waste collectors to dispose of hazardous waste. The Group's administration department maintains accurate records of the annual volume of hazardous waste disposed of for internal control and review purposes. Furthermore, when handling hazardous waste, employees must comply with established practices and procedures, which include receiving mandatory relevant training prior to taking up their posts, being provided with clear work instructions and appropriate protective equipment, and properly storing hazardous waste in leak-proof rigid containers placed in designated storage areas to ensure safe and compliant handling.

Regarding the disposal of non-hazardous waste generated during the production process, in order to reduce paper consumption, we encourage double-sided photocopying and the use of recycled office paper, as well as recording documents in electronic formats and transmitting them via email to minimise paper usage. All waste paper and used printing plates are recycled and disposed of by licensed collectors specialising in waste recycling, and recycling these materials can generate additional income. More importantly, recycling reduces the total volume of waste; if used printing plates are not properly recycled, they may generate hazardous substances that harm the environment. To safeguard customers' intellectual property, all waste printed paper and book offcuts are shredded prior to recycling. As for printing plates, they are left to stand for a minimum of 60 days to allow for oxidation before being handed over to waste collectors for recycling. Pallets used for the transportation and delivery of goods should be recycled and reused. In addition, as people become increasingly aware of the difficulty of recycling plastic materials, we are encouraging employees to reduce the use of single-use plastic items during production and daily activities, such as plastic stands, containers, utensils, cups, and bags. We have been using plastic film for the bulk palletised packaging of finished goods, and we are continuing to explore materials and methods to replace plastic film.

To improve the efficiency and tidiness of collecting waste paper materials from production, we have installed centralised mechanical equipment at the Hong Kong Office to compress and bundle waste paper, which has expedited the process and increased the recycling rate. Other recyclable materials, such as paper boxes, used printing plates and metal scrap, are separately identified and recycled. We work closely with our printing ink suppliers to return their plastic ink containers for reuse to minimise waste.

The Group provides the Huizhou Factory and subcontractors with relevant information on various aspects of its environmental, social and corporate practices and assists them in implementing relevant measures, including strictly supervising and controlling GHG emissions intensity per unit of output in accordance with applicable laws and regulations, reducing waste generation during operations, and minimising waste and conserving resources through the recycling and reuse of materials. At the same time, the Group also encourages the use of digital format data in communications to reduce printing, and monitors the recycling of waste paper materials to promote resource reuse.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## *1.2.2 Use of Resources*

The Group manages the use of resources and maintains its commitment to achieving high energy efficiency and optimizing the use of other resources in its business operations.

The Group is committed to monitoring electricity and water consumption at its office in Hong Kong and ensuring that such consumption remains commensurate with the level of business activity. Electricity was principally used for operating the Group's plant and machinery for production. Except for the machinery slow down downtime, all the supervisors of production departments were instructed to switch off the plant and machinery when not in use for energy saving. The Group had been using more energy efficient LED lightings for energy savings and notices had been placed at the entrance areas for reminding employees to switch off all lightings, air-conditioning system and electrical appliances during lunch break and after office hour before leaving for energy saving. We had been using more telephone and video conferencing for conducting meetings between Hong Kong Office and Shenzhen Factory and with customers for saving the resources required, making contribution to environmental saving on GHG emissions.

The Group is committed to conserving water, as it is a precious natural resource. The Group ensures that we comply with the relevant environmental and safety standards. Effluent was collected in a tank for purification treatment before being channeled for flushing the washrooms. We had put up notices at the eye-catching areas to increase the awareness of our employees on conserving water. During the Reporting Period, the Group sourced water from government water supply systems and did not have any difficulties in sourcing water.

The Group encourages our customers to consolidate the shipment volumes and orders if applicable for reducing the numbers of individual shipment, minimizing the use of packaging materials. The Group was using recyclable pallets for loading products to containers, the pallets could later be reused by our customers and reduce wastage.

As the Group's offices in Shenzhen, China, and the new office in Hong Kong would not commence operations until June 2025, and given the low level of usage, the direct and/or indirect energy consumption, total water consumption and total packaging materials used for finished goods were immaterial. The Group is committed to improving data collection and will disclose relevant data and targets in the future.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## *1.2.3 Environment and Natural Resources*

The Group will achieve high-performance production by avoiding excessive use of resources, which would result in unnecessary waste and environmental damage. The primary raw material used in production is paper, and the Group closely monitors paper usage in relation to production levels to ensure that excessive use does not occur. The Group aims to use more environmentally friendly materials in production and to reduce the use of materials that are difficult to recycle.

We have consistently implemented automated production and efficient production management to maximise resource efficiency and enhance productivity without compromising product quality. In FY2025, the Group's subcontracting expenses amounted to HK\$15,918,431, an increase of 211.71% compared to HK\$5,106,728 in FY2024, primarily due to the growth in subcontracting demand.

In terms of automated production, we are using a self-developed direct refilling system, which uses siphons to draw ink directly from a centralised ink tank into individual printing presses. This automatic refilling system ensures a continuous supply of ink to the printing presses without the need for pauses, thereby enhancing production efficiency. At the same time, compared to manually adding ink from containers to individual printing presses, it avoids the waste of ink and time. All printing presses used in our production utilise soy-based ink procured from qualified suppliers. Compared to traditional solvent-based inks, soy-based ink is environmentally friendly, significantly reducing volatile organic compound (VOC) emissions into the atmosphere from the products themselves and during the production process, while also improving air quality in the factory. Soy-based ink provides an alternative for customers seeking environmentally friendly materials in printed products.

In terms of paper usage, the Group's computer-to-plate (CTP) machinery and systems have eliminated the need to produce blueline proofs, thereby saving the special paper and chemicals required for blueline proofing and reducing waste. Upon receiving digital information downloaded from customers, the CTP system can efficiently produce blueprints for books and paper products, thereby improving accuracy, shortening the time required for customer review, and outputting the proofs to customers for final approval.

We encourage customers to use environmentally friendly and sustainable forestry paper bearing the "FSC" certification label from the Forest Stewardship Council. We have obtained FSC Chain of Custody certification, which allows us to use the FSC label on our products provided that specific criteria are met. Products bearing the FSC label assure customers and end consumers that the products originate from responsibly managed forests, controlled sources, recycled materials, or a combination of these sustainable sources. Although FSC documentation is relatively cost-sensitive, we will continue to encourage customers to use FSC paper where appropriate.

The Group uses environmentally friendly materials in the production process as practically required, and encourages customers and subcontractors to raise their environmental awareness and give greater consideration to the use of sustainable resources. The Group continuously explores suitable environmentally friendly materials to replace the plastic film currently used for the bulk packaging and palletised shipping of finished goods, while also encouraging customers to use paper with the FSC label in their products to support sustainable forest management.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 2. Employment Strategy

The Group is to maintain good relationship with employees who are valuable assets, encouraging the employees for personal development with new skills and knowledge, providing the employees with a safe and pleasant working environment. Good relationship with the employees can foster their job satisfaction, encourage increasing productivity and with a lower turnover rate.

A comparison of the Group's employee headcount as at the end of the FY2025 against that of FY2024 is as follows. The total number of employees in FY2025 and FY2024 was 15 and 9, respectively:

	<b>FY2025</b>	FY2024
	<b>Number</b>	Number
By Gender		
– Male	<b>7</b>	4
– Female	<b>8</b>	5
By Employment Type		
– Full-time	<b>11</b>	9
– Part-time	<b>4</b>	0
By Age Group		
– 18 to 30	<b>1</b>	0
– 31 to 40	<b>3</b>	2
– 41 to 50	<b>3</b>	3
– 51 and above	<b>8</b>	4
By Region		
– Hong Kong	<b>15</b>	9
– Mainland	<b>0</b>	0

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 2.1 *Competitive Remuneration Objective*

The Group considers offering competitive remuneration package is necessary for the attraction and retention of employees.

### 2.1.1 *Compensation and Benefits*

All the employees of the Group are required to enter into employment contracts when enrollment for clearly stating out the terms and conditions, salaries and allowances, benefits and job duties of the employees. A copy of the employee handbook was also provided to each employee when he first joined.

The Group complied with all the Labour Law of the PRC and Hong Kong, the Implementing Regulations of the Labour Contract Law of the PRC, Regulations on Paid Annual Leave for Employees, PRC Social Insurance Law and Employment Ordinance in Hong Kong together with other relevant laws and regulations.

We provided social insurance, including basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to our employees in PRC according to PRC Social Insurance Law and MPF according to the Mandatory Provident Scheme Ordinance in Hong Kong for attracting employees to join our Group.

The Group also offered for employees in Hong Kong with four to ten years of continuous service, the employer's additional voluntary contributions equal to 5% to 10% of the employees' monthly basic salaries when the employees made additional voluntary contributions to the MPF Scheme at the same time, subject to the maximum limit of 10%. Additionally, the Group had arranged with a medical service provider in Hong Kong offering those employees who had completed three years of employment for personal health check programs at special discounted rates as additional incentives to stay.

The Group adopts a daily 8-hour working system and voluntary overtime. Overtime is limited to be within statutory limit to protect employees' health and their human rights. In addition, the Group prohibited employee to work on a technical task before the relevant employee had received adequate training equipped with the required skills for safeguarding employees' safety that were the duties of a responsible employer for the employees.

### 2.1.2 *Employees Turnover*

The number of employees was 15 at the end of FY2025. There was no employee turnover in FY2025.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## *2.1.3 Employee Communication*

Open communication is an important element in achieving effective workplace management. Proper communication with the employees is very important for the employees to understand the business strategies and future development of the Group.

We encourage employees to voice their opinions through various communication channels at all levels. We provided suggestion boxes, website, internal newsletters and communication meetings where employees can express their concerns and suggestions.

The Group encourages the employees to discuss any issues and problems they identified directly with their supervisors. The Group has the whistle-blowing policy whereby an employee can inform the Chairman of the Audit Committee of the Group being an independent non-executive director of any suspected wrong doings and other irregularities that they have identified.

No dispute with employee was recorded and the Chairman of the Audit Committee did not receive any request for help during FY2025.

The Group strengthens good relations with its employees through various communication channels and support measures, including maintaining a core team of dedicated employees to ensure the stability and efficiency of business operations. At the same time, the Group encourages open communication and the active expression of opinions among employees, and provides appropriate compensation and incentives through schemes that help enhance the overall performance of the Group.

## *2.2 Personal Development and Advancement Objective*

The Group considers personal development of employee is important for future advancement in career. Learning of new skills and knowledge is necessary for equipping the employee to handle additional job duties not only in his own specialty area, but also in different duty and supervisory function.

### *2.2.1 Training programs*

The Group encourages our employees to develop and advance their careers. Each new employee was required to attend training on employees' regulations, fire prevention and safety, additional training would be provided for those handling safety information and precautions on their daily job duties.

We had provided internal trainings on industrial safety, fire drill and precautions for the employees staying alert of fire accident and the closest passages for evacuation in case of emergency. Our employees had also participated in training courses on quality control, handling leakage of hazardous chemicals, first aid training and alerts to frauds.

As the Group is currently in a business transition period, no training sessions were held. The Group is committed to fostering a continuous learning environment in the future and encourages employees to pursue continuous development and enhance their careers within the Group. To this end, the Group will provide training courses related to new information and career development in response to employees' training needs, so as to facilitate their professional growth and long-term development.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 2.3 *Respect of Labor and Human Rights Objective*

The Group is committed to respect the labor and human rights of all our employees through the following principles as stated in our human resources management policies:

**Freely Chosen Employment** – We do not use forced or prison labor. We ensure that the terms of employment are voluntary. Our employees work at the Group of their own free will and are free to resign upon giving reasonable notice under the employment contract. We do not require employees to lodge deposits or hand over passports or work permits as a condition of employment.

**No Child Labor** – We comply with all appropriate local and international regulations in relation to the restrictions on the employment of child labor.

**Freedom of Association** – We allow our employees have the freedom of association to join any organizations or professional bodies of their own choices.

**Anti-slavery** – We are committed to respect and treat our employees with dignity. We do not tolerate any forced labor and we do not accept any physical and financial punishment for employee wrongdoing.

**Benefits and Wages** – We ensure that the remuneration and benefits for our employees comply with or exceed the minimum legal requirements. We maintain proper communication with our employees and understand their needs and conduct regular communication meetings to have direct dialogs with our employees.

**Overtime policy** – Overtime is voluntary and employees are compensated for overtime in accordance with the laws.

**Equal Opportunity and No Discrimination Policy** – We ensure that our hiring, compensation, training, promotion, termination and retirement policies and practices do not discriminate on the grounds of age, sex, marital status, race, religion, disability or any other non-job-related factors. Remuneration is determined with reference to performance, qualifications and experience.

**Harassment and Abuse** – We do not tolerate any physical, sexual, psychological or verbal harassment or abuse towards our employees.

Any issues or enquiries raised by our employees through different communication channels will be handled and investigated promptly and confidentially by the Human Resources Department, followed by disciplinary measures if necessary.

No case of misconduct was reported during FY2025 and we are committed to upholding the professional ethical conduct and the highest level of integrity of our employees.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 2.4 Healthy Workplace for Employees Objective

The Group aims to provide a pleasant, supportive and healthy workplace for our employees, and to foster a caring working environment. We recognized that having a motivated workforce is important in the Group’s efficient operations.

### 2.4.1 Implementation of Health Precautionary Measures

Precautionary measures such as regular cleaning and sanitizing procedures in the office and factory premises, prescribed usage of surgical masks, gloves, disinfectants, cleaning materials provided by the Group were also applicable. Employees were reminded of the importance of maintaining personal hygiene and physical health to enhance their personal immunity system against illness.

### 2.4.2 Compliance with Safety Standards

The Group ensures that our facilities comply with the required standards relating to social responsibility, health and safety. In accordance with customers’ requirements for additional certifications, the Group ensures compliance with local laws and the maintenance of a high-quality working environment. Over the past three years, the Group has not recorded any work-related fatalities.

	FY2025	FY2024
Numbers of injuries and accidents reported	0	0
Loss of working days	0	0

### 2.4.3 Safety Training and Leisure Activities

Maintaining an accident-free workplace environment is always a challenge. Our Human Resources Department had established health and safety training programs to increase the awareness of workplace safety.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 3. Supply Chain Management Strategy

A well-established supply chain management is necessary to manage the selection of approved suppliers with quality materials and a system to continue monitoring the performance of suppliers is crucial for the Group's sustainable operations.

### 3.1 *Reliable Suppliers Objective*

The Group's supply chain management system is for selection of reliable and qualified suppliers to work with the Group for providing quality and timely supply of materials for production requirements and finished products on an on-going basis. We aim at building long-term relationships with our suppliers based on mutual trust that all purchases must be under a fair, objective and professional manner. Our procurement is based upon criteria that not only price, quality, delivery capacity are important, but also integrity, social and environmental responsibility to ensure sustainability.

#### 3.1.1 *Associated Supplier and Subcontractors*

The Huizhou Factory is acting as the Group's principal production base in PRC handling sales orders. Additionally, the Group has enhanced the working relationship with the principal subcontractors in PRC with product quality standards that can satisfy our customers' requirements for handling our production requirements. Given the cordial relationships, the Group received positive mutual supports from all the principal subcontractors. These subcontractors are located in nearby cities in Guangdong Province where the time required for our product inspection will be manageable and offer efficient production and delivery lead time. The number of suppliers for FY2025 was 5 (1 in the Chinese mainland and 4 in Hong Kong). Amidst the challenging business environment and the trade tariffs imposed on products manufactured in PRC, the Group considered the mutual supports received from the Huizhou Factory and PRC subcontractors could cover our production requirements in the coming year.

#### 3.1.2 *Monitoring and Assessment*

We shall conduct on-site testing on Huizhou Factory and the subcontractors and examinations at an early stage of production process to identify any possible production issues and to discuss with the subcontractors for corrective actions in a timely manner.

We are to set up regular performance assessments on the subcontractors for continuing meeting our selection criteria and to ensure that any unfavorable issues on the supply of finished goods to the customers can be identified earlier to mitigate the potential risks that could affect the delivery and product quality.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group will impart its experience and knowledge regarding production processes, relevant information and required quality standards to the Huizhou Factory and subcontractors to ensure that their operations comply with relevant requirements, and will assist them in obtaining the permits required for printing production issued by the competent authorities in the PRC. The scope of such support includes compliance with applicable environmental rules and regulatory standards, ensuring that air and GHG emissions meet regulatory requirements, and the proper handling of hazardous and non-hazardous waste. In addition, the Group will engage qualified external testing companies to collect and analyse data on exhaust, GHG, and wastewater emissions in relevant cities in the PRC to strengthen compliance management.

## 4. Product Responsibility Strategy

We should be a responsible producer of products that comply with all the necessary quality and safety standards for final consumption by consumers without any concern for hazardous substance and defective.

### 4.1 *Quality Product Objective*

From initial design to final production, we discuss with our subcontractors regarding product safety, quality control and testing procedures to ensure the products should meet the customers' required standards on design and material usage and comply with the necessary quality and safety standards before shipment.

#### 4.1.1 *Product Safety*

All our products follow strict specifications on banned and restricted substances on the ink, paper, glue, and plastic film materials used in production and properly understood by Huizhou Factory and the subcontractors. Our products sold in the United States and Europe are in compliance with the required safety standards, such as RoHS (Restriction of Hazardous Substances) Directive, EN (European Standards), SVHC (Substances of Very High Concern) under REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) Regulation, ASTM (American Society for Testing and Materials) Standards. There was no relevant data on the percentage required for recalls due to safety and health reasons for FY2025.

#### 4.1.2 *Quality Control and Testing Procedures*

We have advised the Huizhou Factory and our subcontractors for the implementation of stringent quality control system, from materials, components, machines and equipment, and the final products to ensure that the use of all materials and production processes are compliant with both international and local standards and requirements.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Under the quality management system, quality assurance is performed to examine the product's quality against the acceptance quality level standard at every stage of the production process. Incoming raw materials, such as paper and ink, are periodically tested against the required technical specifications. Colours are matched against the customers' approved blue print. Finished goods are to undergo a number of tests and visual inspections, before packaging and delivery to ensure the exact customers' specifications are met.

In addition, the Group will continue to monitor the situation to ensure that its intellectual property rights are not infringed, whilst also ensuring that it does not infringe the intellectual property rights of others.

We have maintained a professional customer services team to ensure responsiveness to customers' needs. By implementing the highest level of standard on quality management, we provide not only excellent products with services, but also safe and secured products to our customers. Regarding consumer data protection, employees must strictly comply with the Group's requirements on consumer data protection. Without the prior consent of customers, no confidential data may be copied, transferred, or disclosed. If an employee breaches the confidentiality rules, the Group will immediately take corrective measures, and we will also regularly review the effectiveness of data protection measures. There were no data concerning the number of complaints received relating to products and services in FY2025.

The Group will continue to ensure that all products manufactured by the Huizhou Factory and subcontractors comply with applicable international quality and safety standards. To this end, the Group will strengthen its quality control team to conduct more frequent on-site inspections of subcontractors to monitor their production processes and quality performance, and is committed to ensuring the continued achievement of zero product recalls, zero fines, or other penalties arising from non-compliance with relevant laws and regulations.

### 5. Anti-Corruption

We are committed to establish and maintain an ethical culture that honesty and integrity are the basic attributes of all our employees as frauds and dishonesty can distort the usual honest business practices resulting in exposure to very high risks on non-compliance with laws and higher costs that can endanger the business operation of the Group that we should prevent any frauds that could happen in all our business activities. We shall uphold the high standard of honesty and integrity for the interests of all our stakeholders, including our employees, suppliers and customers that we are fair in all our business activities both internally and externally for gaining trust from all of our stakeholders and maintain the fine business relationships with our business counterparts.

Amongst all the internal rules and regulations for anti-corruption, all the employees, including the directors, are forbidden from receiving benefits, interests from others that can possibly create conflicts of interests when they are exercising their job duties. All the employees who are looking for part-time jobs must first obtain prior approval for ensuring there are no conflicts of interests.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

All of our employees are free to report any suspected fraud or corruption activities to top management and the Group has the whistle-blowing policy allowing the reporting directly to the Chairman of the Audit Committee being Independent Non-executive Director for taking further investigations and necessary actions on allegations for protecting the overall interests of the Group. Our internal control policy has specified control procedures for conducting the investigation and no reprisals shall be made against the employee reporting the suspected case.

The Group complied with all relevant laws and regulations relating to bribery, extortion, fraud and money laundering. There was no case received by the Group during FY2025 and FY2024 for reporting any suspected fraud and corruption activities that reflect the proper and fair conduct of the Group's business and operating activities. In FY2025, the Group did not provide anti-corruption training to its directors and staff; however, we are committed to providing such training in the coming financial year.

## 6. Community Investment

The Group has an obligation to offer community investment as being part of the local community where the Group's operations are located and we strive to operate as a responsible corporate citizen and continually support the economic and social vitality of local communities.

During FY2025, the Group had been occupied for tackling the keen challenging environment for securing sales orders, internal restructuring and financing for the business operation that not enough attention had been directed in this aspect. The Group would endeavor participating in community services when the opportunity arises going forward.

## 7. Closing Remarks

It had been a very difficult decision made by the Board for the closedown of the Group's printing production both in PRC and Hong Kong due to the current keen challenging environment for getting the resulting opportunity that the Group can continue to go forward. As a responsible corporate citizen, we shall continue to make efforts contributing to the well being on environmental protection and social responsibility in the Group's overall business strategies and activities, taking into consideration to add value for our stakeholders and to also care for the communities. The Group has embarked on new business strategy that the ESG issues applicable to the previous production activities controlled by the Group to become our responsibilities for advising the associated factory and the PRC subcontractors their importance. The Board shall continue to uphold the proper implementation of the Group's ESG Policy and looking forward to success in the new page.

## DIRECTORS' REPORT

The Board hereby present the Directors' report and the consolidated financial statements for the year ended 31 December 2025 (the "**Reporting Period**").

### LISTING ON GEM

The Company was incorporated as a limited liability company in Hong Kong on 23 December 1992.

The Company became the holding company of the Group upon the completion of the corporate reorganisation (the "**Reorganisation**"), details of which are set out in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus.

The shares of the Company (the "**Shares**") were listed on the GEM on 13 December 2017.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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.

For the development, performance or position of the Group's business, details are set out in the section headed "Chairman's Statement" and the section headed "Management Discussion and Analysis" of this report.

For the principal financial risks and uncertainties facing the Company, details are set out in Note 31 to the consolidated financial statements in this report.

#### (A) Environmental policies and performance

The Board is aware that addressing environmental concerns is an important issue for contributing to the continuous development of society (along with the business activities of the Company).

An environmental policy and manual of procedures have been effective upon Listing which demonstrates the Group's commitment to environmental protection. All staff, subcontractors and suppliers are required to diligently implement the policy and the manual, which will be reviewed regularly in light of experience, feedback from staff, business development, current legislations and regulations.

#### (B) Compliance with laws and regulations

To the best knowledge and belief of the Directors, the Group's operation in Hong Kong has complied with the applicable laws and regulations in all material respects during the Reporting Period, and up to the date of this report.

# DIRECTORS' REPORT

## (C) Key relationships with employees, customers and suppliers

The Directors are of the view that the Company has maintained good relationship with its employees, customers, suppliers and bankers.

## RESULTS AND DIVIDENDS

The results of the Group for the Reporting Period are presented in the consolidated statement of profit or loss and other comprehensive income of this report.

The Board has adopted a prudent approach to cash management, retaining funds for the Group's ongoing operations and future expansion. Accordingly, the Board does not recommend the payment of a final dividend for the Reporting Period. The Board intends to enhance investors' return by generating long-term investment value.

## SUMMARY FINANCIAL INFORMATION

A summary of the results and the assets and liabilities of the Group, as extracted from the Prospectus and the consolidated financial statements of the Company for the years ended 31 December 2021, 2022, 2023, 2024 and 2025 are set out in this report.

## RELATED PARTY TRANSACTIONS

Details of the significant related party transactions entered into by our Group during the Reporting Period are set out in Note 34 to the consolidated financial statements in this report comprising (i) directors and senior management remuneration; and (ii) a partnership ("**Partnership**") in which Mr. Lam and Ms. Yao hold interest, has granted to the Company an exclusive right ("**Licences' Usage Right**") to use the vehicles licences free of charge, while our Company has granted to Ms. Yao and Mr. Lam, in their capacities as the partners of the Partnership, a non-exclusive licence to use the names "Prosperous" or "萬里" (whether used individually or together) for the Partnership (the "**Names' Usage Right**"). Our Directors (including our independent non-executive Directors) are of the view that the transactions are on normal commercial terms or better:

- the granting to Ms. Yao and Mr. Lam, in their capacities as the partners of the Partnership, the Names' Usage Right for the sole purpose of holding the Vehicle Licences in return for the granting to our Company Licences' Usage Right is part and parcel of the reciprocal arrangement contemplated;
- Ms. Yao and Mr. Lam, in their capacities as the partners of the Partnership agreed to grant to our Group the Licences' Usage Right without charging any fee and only in consideration of our Company granting them, in their capacities as the partners of the Partnership, the Names' Usage Right; and
- Ms. Yao and Mr. Lam, in their capacities as the partners of the Partnership, have collectively and individually undertaken to our Group that they will not use the names "Prosperous" or "萬里" or other similar names except for holding the Vehicle Licences.

For details, please refer to the section headed "Connected Transactions – Exempt Continuing Connected Transactions" in the Prospectus.

All these transactions are fully exempt from the reporting announcement, independent shareholders' approval, annual review and all other relevant disclosure requirements under Chapter 20 of the GEM Listing Rules.

## DIRECTORS' REPORT

### DISCLOSURE UNDER RULE 17.21 AND RULE 17.23 OF THE GEM LISTING RULES

At 31 December 2025 and 2024, in respect of bank loans with carrying amount of HK\$115,437,000 (2024: HK\$96,460,000) secured by the assets held for sale and corporate guarantee from the Company (2024: investment properties, property, plant and equipment, and corporate guarantees from the Company and certain subsidiaries), the Group breached the corresponding bank covenants, which are primarily related to maintain the gearing ratio of the Group at the agreed level. Upon the breach of loan covenant, the bank has regularly reviewed and assessed the financial covenant clauses. During the year ended 31 December 2025, the Group failed to make periodic payments on its outstanding borrowings. As a result, the Group surrendered to the banker certain secured properties previously included in property, plant and equipment and investment properties. Up to the date of issuance of these consolidated financial statements, there is no action taken by the bank to request for immediate repayment of the bank loans amounted to HK\$115,347,000 (2024: HK\$96,460,000) which breach the covenant. The Directors consider the breach of the covenant would not trigger immediate demand for repayment from bank. Further details of the Group's management of liquidity risk are set out in Note 32(b).

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 pledge 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 certain pledged properties to Bank A for sale of such pledged properties to settle Loan A. As at the date of this report, the Group is the registered owner of the Pledged Properties, and has not received any concrete offer to purchase the Pledged Properties.

As disclosed in the announcement dated 25 November 2024, the Group, in the ordinary course of business, obtained banking facilities (the "**Facility B**") from a commercial bank in Hong Kong (the "**Bank B**") with an outstanding amount of approximately HK\$11 million as at the date of this announcement. 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 31 March 2025, the Company has not received any demand or notice with respect to the technical cross default from Bank B.

### SHARE CAPITAL

Details of the movements in the share capital of the Company during the Reporting Period are set out in Note 29 to the consolidated financial statements in this report.

### SHARE OPTION SCHEME

The Company adopted a share option scheme (the "**Scheme**") on 15 November 2017, the terms of which are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

A summary of the Scheme is set out below:

#### (a) Purpose of the Share Option Scheme

The purpose of the Scheme is to provide additional incentive to any eligible persons of the Group and to promote the success of the Group's business.

# DIRECTORS' REPORT

## **(b) Participants**

The Board may, at its absolute discretion and on such terms as it may think fit, invite any eligible persons to join the Scheme.

## **(c) Total number of Shares available for issue under the Scheme**

The maximum number of Shares in respect of which options may be granted under the Scheme must not in aggregate exceed 10% of all the Shares in issue as at the Listing Date. i.e. a total of 80,000,000 Shares representing 10% of the issued share capital of the Company as at the date of this report.

## **(d) Maximum entitlement of each participant**

The total number of Shares issued and to be issued upon exercise of options granted to any participant (including both exercised and outstanding options) under the Scheme or any other share option schemes of the Company in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of share options in excess of this limit must be separately approved by Shareholders in general meeting.

## **(e) Period within which the securities must be taken up under an option**

An option may be exercised in accordance with the terms of the Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant.

## **(f) Minimum period for which an option must be held before exercise**

The Board may in its absolute discretion set a minimum period for which an option must be held before an option can be exercised.

## **(g) Time of acceptance and the amount payable on acceptance of the option**

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1.

## **(h) Basis of determining the exercise price**

The subscription price of a Share in respect of any particular option granted under the Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option.

## DIRECTORS' REPORT

### (i) Remaining life of the Scheme

The Scheme will remain in force for a period of ten years commencing on 24 September 2016 and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by Shareholders in general meeting.

No share option has been granted or exercised under the Scheme during the Reporting Period. No share option was outstanding as at the year end date of the Reporting Period.

As at 1 January 2025 and 31 December 2025, being the beginning and the end of the financial year of this annual report, the number of share options available for grant under the scheme mandate of the Share Option Scheme were 80,000,000 Shares. The Company adopted the Share Option Scheme on 24 September 2016 and the service provider sublimit is not applicable to its Share Option Scheme. No share awards were available for grant under the scheme mandate of the Share Option Scheme. As at the date of this annual report, the total number of Shares available for issue under the Share Option Scheme was 80,000,000 Shares, representing 10% of issued Shares (excluding treasury Shares) of the Company.

## PURCHASE, SALE OR REDEMPTION OF THE SHARES

Save as disclosed in section headed "Significant Investments, Material Acquisitions and Disposals and Future Plans for Significant Investments or Capital Assets", neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Shares during the Reporting Period.

## DEBENTURE

No debenture was issued by the Company during the Reporting Period.

## EQUITY-LINKED AGREEMENT

Save as the Scheme, no equity-linked agreement was entered into by the Company or subsisted during the Reporting Period which (a) will or may result in the Company issuing Shares; or (b) requires the Company to enter into an agreement that will or may result in the Company issuing Shares.

## DONATION

The Group has not made any charitable donation of not less than HK\$10,000 during the Reporting Period.

## PERMITTED INDEMNITY PROVISION

Pursuant to the Articles, each Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him/her as a Director in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted.

The Company has arranged appropriate insurance cover in respect of claims and legal actions against the Directors and its officers.

# DIRECTORS' REPORT

## 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 year end date of the Reporting Period, our Directors had the following interests and/or short positions in the shares, underlying shares or debentures of our Company and its associated corporations (within the meaning of Part XV the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) (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 our Directors, will be required to be notified to our Company and the Stock Exchange:

#### (i) Interests in our Company

Name of Director	Capacity	Number of Shares (Note 1)	Percentage of interest in our Company
Mr. Lam (Note 2&4)	Interest of controlled corporation	48,000,000 (L)	45.98%
Ms. Yao (Note 3&4)	Interest of spouse	48,000,000 (L)	45.98%

#### 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 31 December 2024, 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.

## DIRECTORS' REPORT

### (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 31 December 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.

### (b) Interests and/or short position of substantial shareholders in the Shares which are discloseable under Divisions 2 and 3 of Part XV of the SFO

So far as is known to our Directors, as at 31 December 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 10% or more of the total number of issued Shares of share capital carrying rights to vote in all circumstances at general meetings of any other members of our Group:

Name of substantial shareholder	Capacity	Number of Shares (Note 1)	Percentage of interest in our Company
First Tech (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:

- The letter "L" denotes the person's long positions in the Shares.
- First Tech is a company incorporated in the BVI which is wholly and beneficially owned by Mr. Lam, an executive Director.
- 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 the date of this report, 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.

## DIRECTORS' REPORT

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 the year end date of the Reporting Period, there are no other person (not being a Director or chief executive of our Company) who had an interest or a short position in the Shares or underlying shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be interested in 10% or more of the voting power at general meetings or any other members of our Group.

### DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed herein, at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares or debentures of the Group or any other body corporate.

### DIRECTORS AND THEIR SERVICE AGREEMENTS

The composition of the Board during the Reporting Period up to the date of this report is set out as follows.

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Lam Sam Ming\* (*Chairman*)  
Ms. Yao Yuan\*  
Ms. Chan Sau Po  
Ms. Xu Yuling\*  
Mr. Ye Baiming  
Mr. Lai Chi-Yin Samuel

#### Non-executive Director

Mr. Lam John Cheung-wah

#### Independent non-executive Directors

Ms. Cheung Yin  
Mr. Wong Hei Chiu  
Mr. Leung Vincent Gar-Gene  
Mr. Siu Chi Yiu Kenny

\* Directors of the Company and its subsidiaries

## DIRECTORS' REPORT

The Director of subsidiaries who held office during the financial year and up to the date of this report are Mr. Lam Sam Ming and Ms. Yao Yuan. Mr. Lam is the sole director of the following subsidiaries of the Group: Century Sight Limited, Great Wall Printing Company Limited, Mr. Classic Inc., Great China Gains Inc., Super Noble Limited, Tactful Hero Limited. Ms. Yao Yuan is the legal representative of Prosperous Printing (Shenzhen) Co., Ltd. (中萬印刷(深圳)有限公司). Mr. Lam and Ms. Yao Yuan are the directors of Prosperous Printing (HK) Company Limited and Printplus Limited. Mr. Lam and Ms. Xu are the directors of Jade View Limited. Ms. Xu is the sole director of Kaisheng (International) Co. Ltd. Ms. Xu is the legal representative of 悦煌智能科技(深圳)有限公司.

Each Director has entered into a service agreement or letter of appointment with the Company for initially a fixed term of two years commencing from the Listing Date and will continue thereafter until terminated by either party giving not less than three months' written notice to the other party.

Biography details of the Directors are set out in the section headed "Profile of Directors and Senior Management" of this report.

The Company has received an annual confirmation of independence from each INED pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers the INEDs to remain independent as at the date of this report.

None of the Directors has entered into any service agreement with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

### EMOLUMENT OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emolument of the Directors and the five highest paid individuals of the Group are set out in Note 13 to the consolidated financial statements in this report.

### EMOLUMENT POLICY

The remuneration committee of the Board will make recommendations on the remuneration of the Directors and senior management and to recommend members of the Board and determine, with delegated responsibilities, the remuneration package of individual Director and senior management. The remuneration committee 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.

### DIRECTORS' MATERIAL INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

Save as the transactions set out in Note 35 to the consolidated financial statements in this report, the Group has not entered into any transaction, arrangement or contract that is significant in relation to the Group's business to which any of member of the Group was a party and in which a Director or a connected entity of that Director had, directly or indirectly, a material interest.

Saved as disclosed, there was no contract of significance between the Company or one of its subsidiaries on the one hand, and a controlling shareholder or any of its subsidiaries on the other, subsisting during or at the end of the Reporting Period.

## DIRECTORS' REPORT

Saved as disclosed, there was also no other contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries during or at the end of the same period.

### 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.

### INTEREST OF CONTROLLING SHAREHOLDERS

Save as disclosed in this report, the Directors are not aware of any business or interest of the controlling shareholder of the Company nor any of their respective associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the Reporting Period.

### NON-COMPETITION UNDERTAKING

Each of Controlling Shareholders (together the “**Covenantors**”) entered into a deed of non-competition in favour of the Group (the “**Deed of Non-competition**”) on 15 November 2017, details of which are set out in the section headed “Relationship with Our Controlling Shareholders – Deed of non-competition” in the Prospectus.

The Company received from each of the Covenantors an annual confirmation on their respective compliance of the non-competition undertaking under the Deed of Non-competition. The INEDs have reviewed the compliance of such undertaking and evaluated the effective implementation of the Deed of Non-competition, and they were satisfied with the Covenantors' compliance with their undertaking for the Reporting Period.

### MANAGEMENT CONTRACT

During the Reporting Period, neither the Company nor its subsidiaries has entered into a contract by which (a) a person undertakes the management and administration of the whole or any substantial part of the business of the Company; and (b) the contract is not a contract of service with any Director or any person engaged in the full-time employment of the Company.

### MAJOR CUSTOMERS

For the Reporting Period, the Group's five largest customers accounted for approximately 21.3% of the total revenue of the Group and the largest customer of the Group accounted for approximately 72.7% of the total revenue.

To the best of the knowledge of the Directors, none of the Directors or any of their respective close associates, or any Shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers.

# DIRECTORS' REPORT

## MAJOR SUPPLIERS

For the Reporting Period, the Group's five largest suppliers, all of which is our sub-contractor, accounted for approximately 93.4% of the cost of sales of the Group and the largest supplier of the Group accounted for approximately 51.2% of the cost of sales.

To the best of the knowledge of the Directors, none of the Directors or any of their respective close associates, or any Shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had any interest in the Group's five largest suppliers.

## CORPORATE GOVERNANCE

The corporate governance report of the Company for the Reporting Period is set out in this report.

## SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the public float of the Company's issued securities is sufficient with at least 25% held by the public.

## DISTRIBUTABLE RESERVES

As at the year end date of the Reporting Period, the Company has no reserves available for distribution to its Shareholders.

## AUDITOR

The consolidated financial statements of the Company for the Reporting Period were audited by TARGET CPA LIMITED. TARGET CPA LIMITED will retire, and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting (the "AGM") of the Company. A resolution for their re-appointment as the auditor of the Company will be proposed at the AGM.

## EVENTS AFTER THE REPORTING PERIOD

Please refer to the section headed "Events after the Reporting Period" in the "Management Discussion and Analysis" in this annual report for details.

**Mr. Lam Sam Ming**  
*Chairman*

Hong Kong, 31 March 2026

# INDEPENDENT AUDITOR'S REPORT



## TO THE SHAREHOLDERS OF PROSPEROUS PRINTING COMPANY LIMITED

*(incorporated in Hong Kong with limited liability)*

### DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Prosperous Printing Company Limited (the “Company”) and its subsidiaries (together the “Group”) set out on pages 66 to 155, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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 only.

# INDEPENDENT AUDITOR'S REPORT

## BASIS FOR DISCLAIMER OF OPINION (CONTINUED)

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 on 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.

# INDEPENDENT AUDITOR'S REPORT

## 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 HK\$'000	2024 HK\$'000 (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)
<b>Loss before tax</b>	<b>(100)</b>	<b>(66,840)</b>
Income tax expense	–	(98)
<b>Loss for the year</b>	<b>(100)</b>	<b>(66,938)</b>

# INDEPENDENT AUDITOR'S REPORT

## ADDITIONAL MATTERS (CONTINUED)

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

#### Assets and liabilities as at 31 December 2025 and 2024

	2025 HK\$'000	2024 HK\$'000
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.

## EMPHASIS OF MATTER

We draw attention to Note 3.1 to the consolidated financial statements, which describes that the Group has made certain prior year adjustments to restate the comparative amounts. Our opinion is not modified in respect of these matters except for the adjustment in respect of the impairment loss recognised for the property, plant and equipment as mentioned above.

## OTHER MATTER

The consolidated financial statements of the Company for the year ended 31 December 2024 were audited by another auditor who expressed a disclaimer opinion with a material uncertainty related to going concern paragraph on those statements on 31 March 2025.

# INDEPENDENT AUDITOR'S REPORT

## RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, because of the matter described in the "Basis for Disclaimer of Opinion" section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

## REPORT ON OTHER MATTERS UNDER SECTIONS 407(2) AND 407(3) OF THE COMPANIES ORDINANCE

In respect alone of the inability to obtain sufficient appropriate audit evidence in relation to going concern and insufficient accounting records as described in the Basis of Disclaimer of Opinion and Additional Matters sections of our report above:

- we were unable to determine whether adequate accounting records had been kept; and
- we have not obtained all the information or explanations that, to the best of our knowledge and belief, are necessary and material for the purpose of the audit.

**TARGET CPA LIMITED**  
*Certified Public Accountants*  
**Chin Chi Ho Stanley**  
Practising Certificate Number: P07911

Hong Kong  
31 March 2026

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000 (Restated)
Revenue	5	22,221	50,056
Cost of sales		(15,884)	(52,025)
Gross profit/(loss)		6,337	(1,969)
Other income	7	28	1,237
Other gains, net	8	3	8,326
Distribution costs		(1,657)	(4,907)
Administrative expenses		(14,094)	(43,123)
Share of loss of an associate	20	(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	9	(14,025)	(9,249)
<b>Loss before tax</b>	10	<b>(42,011)</b>	(108,977)
Income tax (expense)/credit	11	(1,071)	1,289
<b>Loss for the year</b>		<b>(43,082)</b>	(107,688)
<b>Other comprehensive income/(expense):</b>			
<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)
<b>Total comprehensive expense for the year</b>		<b>(44,735)</b>	(107,726)
		<b>HK cents</b>	<b>HK cents</b>
<b>Loss per share</b>			
Basic and diluted	15	(41.27)	(117.19)

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	Notes	31 December 2025 HK\$'000	31 December 2024 HK\$'000 (Restated)	1 January 2024 HK\$'000 (Restated)
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	16	855	39,107	132,652
Investment properties	17	–	43,935	46,069
Intangible assets	18	–	–	181
Financial assets at fair value through other comprehensive income	19	417	1,201	1,201
Interest in an associate	20	1,152	1,469	–
		<b>2,424</b>	85,712	180,103
<b>CURRENT ASSETS</b>				
Inventories		–	–	16,852
Trade and other receivables	21	15,993	10,608	27,650
Bank balances and cash	22	605	849	3,022
		<b>16,598</b>	11,457	47,524
Assets held for sale	23	67,933	–	–
		<b>84,531</b>	11,457	47,524
<b>CURRENT LIABILITIES</b>				
Trade and other payables	24	44,403	29,822	44,725
Bank loans and overdrafts	25	126,000	113,051	121,283
Other borrowings	25	7,148	–	–
Amount due to a shareholder	26	21,051	16,859	707
Loan from a shareholder	26	–	–	265
Amount due to an associate	27	1,553	1,553	–
Lease liabilities	28	122	610	9,898
Income tax payable		1,525	479	545
		<b>201,802</b>	162,374	177,423

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	Notes	31 December 2025 HK\$'000	31 December 2024 HK\$'000 (Restated)	1 January 2024 HK\$'000 (Restated)
<b>NET CURRENT LIABILITIES</b>		<b>(117,271)</b>	(150,917)	(129,899)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>(114,847)</b>	(65,205)	50,204
<b>NON-CURRENT LIABILITIES</b>				
Loan from a shareholder	26	–	4,970	8,844
Bank loans		–	–	1,944
Lease liabilities	28	<b>54</b>	–	2,693
Deferred tax liabilities	29	<b>584</b>	575	1,918
		<b>638</b>	5,545	15,399
<b>NET (LIABILITIES)/ASSETS</b>		<b>(115,485)</b>	(70,750)	34,805
<b>CAPITAL AND RESERVES</b>				
Share capital	30	<b>108,490</b>	108,490	106,319
Reserves		<b>(223,975)</b>	(179,240)	(71,514)
<b>TOTAL (CAPITAL DEFICIENCIES)/EQUITY</b>		<b>(115,485)</b>	(70,750)	34,805

These consolidated financial statements on pages 66 to 155 were approved and authorised for issue by the Board of Directors on 31 March 2026 and are signed on its behalf by:

**Lam Sam Ming**  
Director

**Chan Sau Po**  
Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Share capital HK\$'000	Capital reserve HK\$'000 (Note (i))	Statutory surplus reserve HK\$'000 (Note (ii))	Exchange reserve HK\$'000	Revaluation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2024 (originally stated)	106,319	3,318	5,125	(17,795)	–	(62,706)	34,261
Prior year adjustments (note 3.1)	–	–	–	–	–	544	544
At 1 January 2024 (as restated)	106,319	3,318	5,125	(17,795)	–	(62,162)	34,805
Loss for the year (as restated)	–	–	–	–	–	(107,688)	(107,688)
Other comprehensive expense for the year (as restated)	–	–	–	(38)	–	–	(38)
Total comprehensive expense for the year	–	–	–	(38)	–	(107,688)	(107,726)
Issuance of shares (Note 30)	2,171	–	–	–	–	–	2,171
At 31 December 2024 and 1 January 2025 (as restated)	108,490	3,318	5,125	(17,833)	–	(169,850)	(70,750)
Loss for the year	–	–	–	–	–	(43,082)	(43,082)
Other comprehensive expense for the year	–	–	–	(869)	(784)	–	(1,653)
Total comprehensive expense for the year	–	–	–	(869)	(784)	(43,082)	(44,735)
At 31 December 2025	<b>108,490</b>	<b>3,318</b>	<b>5,125</b>	<b>(18,702)</b>	<b>(784)</b>	<b>(212,932)</b>	<b>(115,485)</b>

*Notes:*

- (i) Capital reserve comprises deemed contribution from the controlling shareholder in prior years.
- (ii) As stipulated by the People's Republic of China (the "PRC"), the subsidiary in the PRC is required to appropriate 10% of their after-tax profit to a statutory surplus reserve fund until the balance of the fund reaches 50% of its registered capital and thereafter any further appropriation is optional. The statutory surplus reserve fund can be utilised to offset prior year losses, or for conversion into registered capital on the condition that the statutory surplus reserve fund shall be maintained at a minimum of 25% of the registered capital after such utilisation.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000 (Restated)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before tax	(42,011)	(108,977)
Adjustments for:		
Amortisation of intangible assets	–	45
Bank interest income	–	(1)
Depreciation of property, plant and equipment	2,061	9,841
Depreciation of investment properties	2,045	2,134
Gain on early termination of lease	–	(575)
Exchange differences	–	(700)
Finance costs	14,025	9,249
Impairment losses under expected credit loss model on trade and other receivables, net	7,839	6,212
Gain on disposal of property, plant and equipment	–	(4,275)
Impairment losses on investment properties	5,797	–
Share of loss of an associate	374	21
Impairment losses on property, plant and equipment	4,593	53,059
Operating cash flows before movements in working capital	(5,277)	(33,967)
Decrease in inventories	–	17,136
(Increase)/decrease in trade and other receivables	(14,784)	10,880
Increase/(decrease) in trade and other payables	13,829	(13,796)
Cash used in operations	(6,232)	(19,747)
Income tax paid		
– the PRC Enterprise Income Tax (“EIT”)	–	(98)
– Hong Kong Profits Tax	(21)	(17)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(6,253)</b>	<b>(19,862)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	–	29,885
Interest received	–	1
Payment for purchase of property, plant and equipment	–	(579)
<b>NET CASH GENERATED FROM INVESTING ACTIVITIES</b>	<b>–</b>	<b>29,307</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Note	2025 HK\$'000	2024 HK\$'000 (Restated)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of bank loans		(46)	(72,248)
Repayment of lease liabilities		(676)	(5,246)
Interest and other borrowing costs paid		(2,038)	(3,497)
Interest on lease liabilities paid		(17)	(281)
Proceeds from bank loans		–	57,374
Proceeds from other loans		7,000	–
Advance from a shareholder		1,070	14,741
Repayment to a shareholder		(460)	(4,244)
Proceeds from issuance of new shares		–	2,171
<b>NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES</b>		<b>4,833</b>	<b>(11,230)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(1,420)</b>	<b>(1,785)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>(10,669)</b>	<b>(8,909)</b>
Effect of foreign exchange rate changes		3	25
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by</b>		<b>(12,086)</b>	<b>(10,669)</b>
Bank balance and cash		605	849
Bank overdrafts		(12,691)	(11,518)
	22	(12,086)	(10,669)

# 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 and its shares are listed on the Growth Enterprise Market (“**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 disclosed in the corporate information section to the annual report.

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

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 HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards 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 Standards 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (CONTINUED)

### 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:

Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments<sup>1</sup></i>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity<sup>1</sup></i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>3</sup></i>
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency<sup>2</sup></i>
Annual Improvements to HKFRS Accounting Standards – Volume 11	<i>Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7<sup>1</sup></i>
HKFRS 18	<i>Presentation and Disclosure in Financial Statements<sup>2</sup></i>
HKFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures<sup>2</sup></i>

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 of the Company (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.

### Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to HKFRS 10 Consolidated Financial Statements and HKAS 28 Investments in Associates and Joint Ventures deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent’s profit or loss only to the extent of the unrelated investors’ interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent’s profit or loss only to the extent of the unrelated investors’ interests in the new associate or joint venture. The Group is in the process of assessing the detailed impact of HKFRS 10 and HKAS 28 on the Group’s consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (CONTINUED)

### HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standards, while carrying forward many of the requirements in HKAS 1, 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. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

## 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

### 3.1 Prior year adjustments (continued)

#### (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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

### 3.1 Prior year adjustments (continued)

#### (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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

### 3.1 Prior year adjustments (continued)

#### (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)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

### 3.1 Prior year adjustments (continued)

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) HK\$'000	Prior year adjustments (notes b, c, d and e) HK\$'000	2024 (restated) HK\$'000
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)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 3.2 Going concern assumption (Continued)

- (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*.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 3.3 Basis of preparation of consolidated financial statements (Continued)

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.

### 3.4 Material accounting policy information

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 3.4 Material accounting policy information (Continued)

#### Interest in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an interest in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An interest in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the interest in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 3.4 Material accounting policy information (Continued)

#### Interest in an associate (Continued)

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

#### Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

The Group recognised revenue from (i) production and trading of books and paper products; and (ii) provision of sub-contracting services in relation to books and paper products.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 3.4 Material accounting policy information (Continued)

#### Revenue from contracts with customers (Continued)

##### Revenue from sale of goods

Revenue from sales of goods is generally recognised when control of products has been transferred to the customer. Control of the product is considered transferred to the customer, being at the point the products are delivered to the customer's specific location and the customer has accepted the products. Therefore, the Directors consider that the control over such good is transferred at a point in time, instead of over time.

A receivable is recognised when the products are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. Payment of the transaction price is usually due within 30 days – 180 days of the date when control of the products is transferred to the customer.

##### Provision of sub-contracting services

Revenue arising from provision of sub-contracting services is recognised when the customer accepts and takes control of the goods sub-contracted to the Group.

#### Leases

##### Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

##### The Group as a lessee

###### *Allocation of consideration to components of a contract*

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease components, and accounts for the lease component and any associated non-lease components as a single lease component.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 3.4 Material accounting policy information (Continued)

#### Leases (Continued)

##### The Group as a lessee (Continued)

##### *Right-of-use assets*

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets in “property, plant and equipment”, the same line item within which the corresponding underlying assets would be presented if they were owned.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 3.4 Material accounting policy information (Continued)

#### Leases (Continued)

##### The Group as a lessee (Continued)

##### *Lease liabilities*

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 3.4 Material accounting policy information (Continued)

#### Leases (Continued)

##### The Group as a lessee (Continued)

##### *Lease modifications*

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

#### Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 3.4 Material accounting policy information (Continued)

#### Foreign currencies (Continued)

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK\$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

#### Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 3.4 Material accounting policy information (Continued)

#### Taxation (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

#### Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as “right-of-use assets” included in the property, plant and equipment, in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 3.4 Material accounting policy information (Continued)

#### Property, plant and equipment (Continued)

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

#### Investment properties

Investment properties are properties held to earn rentals. Investment properties also include leased properties which are being recognised as right-of-use assets and subleased by the Group under operating leases. Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. A leased property which is recognised as a right-of-use asset is derecognised if the Group as intermediate lessor classifies the sublease as a finance lease. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

#### Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 3.4 Material accounting policy information (Continued)

#### Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Such classification requires the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

#### Impairment on property, plant and equipment (including right-of-use assets) and investment properties

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment (including right-of-use assets) and investment properties to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment (including right-of-use assets) and investment properties is estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2025*

## **3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

### **3.4 Material accounting policy information (Continued)**

#### **Impairment on property, plant and equipment (including right-of-use assets) and investment properties (Continued)**

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 3.4 Material accounting policy information (Continued)

#### Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss (“FVTPL”)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 3.4 Material accounting policy information (Continued)

#### Financial instruments (Continued)

##### Financial assets

##### *Classification and subsequent measurement of financial assets*

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or fair value through other comprehensive income (“**FVTOCI**”) as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 3.4 Material accounting policy information (Continued)

#### Financial instruments (Continued)

#### Financial assets (Continued)

#### *Classification and subsequent measurement of financial assets (Continued)*

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained losses.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the other income line item in profit or loss.

#### *Impairment of financial assets subject to impairment assessment under HKFRS 9*

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade and other receivables, pledged bank deposits and bank balances), which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 3.4 Material accounting policy information (Continued)

#### Financial instruments (Continued)

#### Financial assets (Continued)

#### *Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)*

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 3.4 Material accounting policy information (Continued)

#### Financial instruments (Continued)

#### Financial assets (Continued)

#### *Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)*

#### (ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

#### (iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 3.4 Material accounting policy information (Continued)

#### Financial instruments (Continued)

#### Financial assets (Continued)

#### *Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)*

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over three years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience and forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 3.4 Material accounting policy information (Continued)

#### Financial instruments (Continued)

##### Financial assets (Continued)

##### *Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)*

##### (v) Measurement and recognition of ECL (Continued)

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

##### *Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 3.4 Material accounting policy information (Continued)

#### Financial instruments (Continued)

##### Financial liabilities and equity

##### *Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

##### *Financial liabilities*

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

##### *Financial liabilities at amortised cost*

The Group's financial liabilities including trade and other payables, bank loans and overdrafts amount due to a shareholder and loan from a shareholder are subsequently measured at amortised cost, using the effective interest method.

##### *Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3.4, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### (i) Provision of ECL for trade receivables

The impairment loss on trade receivables are measured using ECL model on collective and individual basis which requires the Group to use judgement and estimates in making assumptions and selecting the inputs to the ECL model, based on the number of days that an individual receivable is outstanding as well as their current repayment ability, and taking into account information obtained from external valuer specific to respective customer as well as pertaining to the economic environment in which the debtors operate at the end of the reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional loss allowance for impairment loss on trade receivables.

At 31 December 2025, the carrying amount of the trade receivable was approximately HK\$15,623,000 (2024: HK\$7,014,000). During the year ended 31 December 2025, provision of impairment loss on trade receivables of approximately HK\$7,716,000 (2024: HK\$6,229,000) has been recognised.

The information about the Group's trade receivables and the ECL are disclosed in Note 21 and 32(b), respectively.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

### (ii) Estimated impairment of property, plant and equipment and investment properties

Property, plant and equipment and investment properties are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

During the year ended 31 December 2025, the Directors performed impairment assessment on property, plant and equipment (including right-of-use assets) and investment properties. The carrying amounts of property, plant and equipment (including right-of-use assets) and investment properties subject to impairment assessment were HK\$36,433,000 (2024:HK\$53,059,000(restated)), and HK\$41,890,000 (2024:HK\$43,935,000), respectively. Based on the estimated recoverable amount, impairment loss on property, plant and equipment (including right-of-use assets) and investment properties of approximately HK\$4,593,000 (2024:HK\$53,059,000) and HK\$5,759,000 (2024: nil), respectively, have been recognised during the year ended 31 December 2025.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 5. 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 HK\$'000	2024 HK\$'000
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
	22,221	50,056

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

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

### (ii) Performance obligations for contracts with customers

The Group sells books and paper products and provides subcontracting services 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 6. 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 HK\$'000	2024 HK\$'000
Hong Kong	21,789	29,736
The PRC	–	2,483
United States	339	17,615
Others (Note)	93	222
	22,221	50,056

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 6. OPERATING SEGMENT (CONTINUED)

### Information about geographical information (Continued)

#### Non-current assets

Information about the Group's non-current assets, other than financial assets at FVTOCI is presented based on the geographical location of the assets.

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

### Information about major customers

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

	2025 HK\$'000	2024 HK\$'000
Customer A	4,736	–
Customer B	4,441	–
Customer C	4,214	–
Customer D	N/A <sup>(Note)</sup>	12,009
Customer E	–	8,033

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 7. OTHER INCOME

The Group's other income is presented as follows:

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

*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 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.

## 8. OTHER GAINS, NET

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 9. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000 (Restated)
Interest expenses on:		
– Bank loans and overdrafts	13,860	8,899
– Lease liabilities	17	281
– Other borrowings	148	–
– Loan from a shareholder	–	69
	<b>14,025</b>	9,249

## 10. LOSS BEFORE TAX

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

	2025 HK\$'000	2024 HK\$'000 (Restated)
<b>Staff costs, including directors' emoluments:</b>		
– Salaries, wages and other benefits	4,865	36,881
– Contributions to retirement benefit schemes	121	2,220
	<b>4,986</b>	39,101
<b>Other items:</b>		
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
	<b>4,106</b>	11,975
Auditors' remuneration	780	708
Amount of inventories recognised as expenses	–	11,114
Subcontracting fee	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)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 11. INCOME TAX

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

- (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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 11. INCOME TAX (CONTINUED)

The income tax expense/(credit) for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	<b>2025</b> <b>HK\$'000</b>	2024 HK\$'000 (Restated)
Loss before tax	<b>(42,011)</b>	(108,977)
Tax at the domestic income tax rate of 16.5% (2024: 16.5%)	<b>(6,932)</b>	(17,981)
Tax effect of expenses not deductible for tax purpose	<b>3,678</b>	11,047
Tax effect of income not taxable for tax purpose	–	(148)
Tax effect of estimated tax losses not recognised	<b>4,338</b>	5,847
Effect of different tax rates of subsidiary operating in other jurisdiction	<b>(9)</b>	(54)
Tax reduction	<b>(4)</b>	–
Income tax expense/(credit) for the year	<b>1,071</b>	(1,289)

Details of the deferred taxation are set out in Note 29.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 12. RETIREMENT BENEFIT SCHEMES

### Hong Kong

The Group operates the MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for its Hong Kong employees. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, each of the subsidiaries (the “**Employer**”) in Hong Kong and its employees makes monthly mandatory contributions to the scheme at 5% of the employee’s earnings as defined under the Mandatory Provident Fund Legislation. The mandatory contributions from each of the Employer and employees are subject to a cap of HK\$1,500 per month.

In addition, employees with 4 to 10 years of service of the Group are entitled to receive the employer’s additional voluntary contributions equal to 5% to 10% of the employees’ monthly basic salaries when the employees make additional voluntary contributions to the MPF Scheme at the same time. The maximum voluntary contributions of the Group for those employees with services of the Group more than 10 years are 10% of the employees’ basic salaries.

During the year ended 31 December 2025, a total contribution of HK\$121,000 (2024: HK\$383,000) was made by the Group in respect of this scheme.

### The PRC, other than Hong Kong

As stipulated by rules and regulations in the PRC, the PRC subsidiary is required to contribute to a state managed retirement plan for all its employees at a certain percentage of the basic salaries of its employees. The state-managed retirement plan is responsible for the entire pension obligations payable to all retired employees. Under the state-managed retirement plan, the Group has no further obligations for the actual pension payments or post-retirement benefits beyond the annual contributions. During the year ended 31 December 2024, a total contribution of approximately HK\$1,837,000 (2025: nil) was made by the Group in respect of this scheme.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 13. DIRECTORS' AND CHIEF EXECUTIVE'S AND EMPLOYEE'S EMOLUMENTS

### (a) Directors' and chief executive remuneration

Directors' and chief executives' remuneration for the year disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies is follows:

For the year ended 31 December 2025

	Directors' fees HK\$'000	Salaries and bonus HK\$'000	Contributions retirement benefit scheme HK\$'000	Total HK\$'000
<i>Executive directors</i>				
Lam Sam Ming ("Mr. Lam") (Chairman and chief executive)	540	–	5	545
Yao Yuan ("Ms. Yao")	–	–	–	–
Chan Sau Po	838	–	18	856
Xu Yuling (Note (iv))	352	–	14	366
Ye Baiming (Note (v))	155	–	6	161
Lu Wei (Note (vi))	–	–	–	–
<i>Non-executive director</i>				
Lam John Cheung-wah (Note (vii))	69	–	–	69
<i>Independent non-executive directors</i>				
Cheung Yin	120	–	–	120
Wong Hei Chiu	120	–	–	120
Leung Vincent Gar-Gene	120	–	–	120
	2,314	–	43	2,357

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 13. DIRECTORS' AND CHIEF EXECUTIVE'S AND EMPLOYEE'S EMOLUMENTS (CONTINUED)

### (a) Directors' and chief executive remuneration (Continued)

For the year ended 31 December 2024

	Directors' fees	Salaries and bonus	Contributions retirement benefit scheme	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Executive directors</b>				
Mr. Lam (Chairman and chief executive)	2,160	–	18	2,178
Ms. Yao	374	–	17	391
Chan Sau Po	882	–	18	900
<b>Independent non-executive directors</b>				
Cheung Yin	120	–	–	120
Wong Hei Chiu	120	–	–	120
Leung Vincent Gar-Gene	120	–	–	120
	3,776	–	53	3,829

Notes:

- (i) The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' emoluments shown above were for their services as directors of the Company.
- (ii) Mr. Lam is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.
- (iii) Neither the chief executive nor any of the directors waived or agreed to waive any emoluments paid by the Group during the years ended 31 December 2025 and 2024.
- (iv) Xu Yuling was appointed on 7 April 2025.
- (v) Ye Baiming was appointed on 5 September 2025.
- (vi) Lu Wei was appointed on 9 April 2025 and resigned on 5 September 2025.
- (vii) Lam John Cheung-wah was appointed on 18 September 2025.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 13. DIRECTORS' AND CHIEF EXECUTIVE'S AND EMPLOYEE'S EMOLUMENTS (CONTINUED)

### (b) Employee's emoluments

Of the five individuals with the highest emoluments, three (2024: two) were directors and the chief executive of the Company whose emoluments are set out above. The emoluments of remaining two (2024: three) individuals were as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries and other emoluments	842	1,406
Retirement scheme contributions	23	43
	865	1,449

Their emoluments were within the following band:

	Number of individuals	
	2025	2024
Nil to HK\$1,000,000	2	3

- (c) No emolument has been paid by the Group to the directors and the chief executive of the Company or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office during the years ended 31 December 2025 and 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 14. DIVIDENDS

No dividend was paid, declared or proposed for ordinary shareholders during the year ended 31 December 2025, nor has any dividend been proposed since the end of the reporting period (2024: Nil).

## 15. LOSS PER SHARE

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 16. PROPERTY, PLANT AND EQUIPMENT

	Ownership interests in leasehold land and buildings held for own use HK\$'000	Other properties leased for own use HK\$'000	Plant and machinery HK\$'000	Leasehold improvements, fixtures and furniture HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>COST</b>						
At 1 January 2024	55,100	22,236	199,888	20,881	5,731	303,836
Addition	–	–	–	–	579	579
Disposals	–	–	(96,419)	(5,697)	(3,180)	(105,296)
Lease termination	–	(20,270)	–	–	–	(20,270)
Exchange realignment	–	(363)	(1,364)	(87)	(7)	(1,821)
<b>At 31 December 2024 and 1 January 2025</b>	<b>55,100</b>	<b>1,603</b>	<b>102,105</b>	<b>15,097</b>	<b>3,123</b>	<b>177,028</b>
Additions	–	242	–	–	–	242
Written-off	–	(1,603)	(102,105)	(15,097)	–	(118,805)
Transfer to assets held for sale (Note 23)	(55,100)	–	–	–	–	(55,100)
<b>At 31 December 2025</b>	<b>–</b>	<b>242</b>	<b>–</b>	<b>–</b>	<b>3,123</b>	<b>3,365</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Ownership interests in leasehold land and buildings held for own use HK\$'000	Other properties leased for own use HK\$'000	Plant and machinery HK\$'000	Leasehold improvements, fixtures and furniture HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT</b>						
At 1 January 2024	14,092	13,294	121,954	17,655	4,189	171,184
Provided for the year	2,970	2,914	2,684	944	329	9,841
Disposals	–	–	(73,118)	(4,815)	(2,460)	(80,393)
Lease termination	–	(14,397)	–	–	–	(14,397)
Exchange realignment	–	(208)	(1,091)	(70)	(4)	(1,373)
At 31 December 2024 and 1 January 2025 (as originally stated)	17,062	1,603	50,429	13,714	2,054	84,862
Impairment losses	–	–	51,676	1,383	–	53,059
At 31 December 2024 and 1 January 2025 (restated)	17,062	1,603	102,105	15,097	2,054	137,921
Provided for the year	1,821	26	–	–	214	2,061
Eliminated on written-off	–	(1,603)	(102,105)	(15,097)	–	(118,805)
Impairment losses	4,377	216	–	–	–	4,593
Transfer to assets held for sale (Note 23)	(23,260)	–	–	–	–	(23,260)
At 31 December 2025	–	242	–	–	2,268	2,510
<b>CARRYING VALUES</b>						
At 31 December 2025	–	–	–	–	855	855
At 31 December 2024 (as restated)	38,038	–	–	–	1,069	39,107

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- (a) Ownership interests in leasehold land and buildings are depreciated over the shorter of the term of useful lives of the buildings or unexpired term of the lease using the straight-line method.

Other properties leased for own use are depreciated over the lease term using the straight-line method.

Other than ownership interests in leasehold land and buildings, properties, plant and equipment are depreciated using the reducing balance method at the following rates per annum:

Plant and machinery	10%
Leasehold improvements, fixtures and furniture	20% or terms of lease whichever is shorter
Motor vehicles	20%

- (b) At 31 December 2024, the Group's certain land and buildings with the carrying amounts of HK\$38,038,000 were pledged for the Group's banking facilities as referred to note 25 to the consolidated financial statements.

- (c) During the year ended 31 December 2025, the Group failed to make the periodic payments on its outstanding bank borrowings and voluntarily surrendered the properties pledged as security for the Group's banking facilities. Consequently, the Ownership interests in leasehold land and buildings held for own use were transferred to assets held for sale. An impairment loss of approximately HK\$4,377,000 was recognised immediate before transfer to assets held for sale.

### (d) Right-of-use assets

The analysis of the carrying amounts of right-of-use assets by class of underlying asset is as follows:

	Notes	2025 HK\$'000	2024 HK\$'000 (Restated)
<b>At carrying amount</b>			
Other property leased for own use	(i)	—	—
Plant and machinery	(ii)	—	—
		—	—



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### (d) Right-of-use assets (Continued)

#### (i) Other properties leased for own use

The Group has obtained the right to use other properties as its office premises through tenancy agreements. The leases typically run for an initial period of 2 years under fixed terms payment.

#### (ii) Other leases

The Group leases production plant and machinery under leases expiring from 1 to 3 years. All leases include an option to purchase the leased equipment at the end of the lease term at a price deemed to be a bargain purchase option. None of the leases includes variable lease payments.

### (e) Impairment assessment

During the years ended 31 December 2025 and 2024, as there was a loss incurred, the management of the Group concluded there was indication for impairment and conducted impairment assessment on property, plant and equipment (including right-of-use assets) based on the value-in-use calculation with the assistance of the independent professional qualified valuer. The Group estimates the recoverable amounts of the property, plant and equipment based on higher of fair value less costs of disposal and value-in-use. Impairment loss of approximately HK\$4,593,000 (2024: HK\$53,059,000) was recognised.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 17. INVESTMENT PROPERTIES

The Group's office, warehouses and carpark were previously occupied for the Group's own use. During the year ended 31 December 2024, the Group leases out various offices, warehouses and carpark under operating leases with rentals payable monthly, and the properties were transferred from property, plant and equipment to investment properties. The leases typically run for an initial period of less than one year with unilateral rights to extend the lease beyond initial period held by lessees only. Majority of the lease contracts contain market review clauses in the event the lessee exercises the option to extend.

During the year ended 31 December 2025, the Group failed to make the periodic payments on its outstanding bank borrowings and voluntarily surrendered the properties pledged as security for the Group's banking facilities. Consequently, the investment properties were transferred to assets held for sale. An impairment losses of approximately HK\$5,797,000 was recognised immediate before transfer to assets held for sale.

	HK\$'000
<b>COST</b>	
At 1 January 2024, 31 December 2024 and 1 January 2025	48,204
Transfer to held for sale (Note 23)	(48,204)
<b>At 31 December 2025</b>	–
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT</b>	
At 1 January 2024	2,135
Provided for the year	2,134
<b>At 31 December 2024 and at 1 January 2025</b>	4,269
Provided for the year	2,045
Impairment loss	5,797
Transfer to assets held for sale (Note 23)	(12,111)
<b>At 31 December 2025</b>	–
<b>NET CARRYING AMOUNT</b>	
<b>At 31 December 2025</b>	–
At 31 December 2024	43,935

- (a) The investment properties using cost model are depreciated over the shorter of the term of useful lives of the buildings or unexpired term of the lease using the straight-line method.
- (b) As 31 December 2024, the Group's investment properties were pledged for the Group's banking facilities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 18. INTANGIBLE ASSETS

	Computer software HK\$'000
<b>COST</b>	
At 1 January 2024	1,102
Exchange realignment	(41)
<b>At 31 December 2024 and at 1 January 2025</b>	<b>1,061</b>
Written-off	(1,082)
Exchange realignment	21
<b>At 31 December 2025</b>	<b>–</b>
<b>ACCUMULATED AMORTISATION</b>	
At 1 January 2024	921
Provided for the year	45
Exchange realignment	95
<b>At 31 December 2024 and at 1 January 2025</b>	<b>1,061</b>
Elimination on written-off	(1,082)
Exchange realignment	21
<b>At 31 December 2025</b>	<b>–</b>
<b>CARRYING AMOUNT</b>	
<b>At 31 December 2025</b>	<b>–</b>
At 31 December 2024	–

Computer software is amortised on a straight-line basis over 10 years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 19. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 HK\$'000	2024 HK\$'000
Financial assets at fair value through other comprehensive income	417	1,201

On 20 July 2023, the Group entered into a sales and purchase agreement with a third party. Pursuant to the sales and purchase agreement, the Group agreed to purchase 13% of the entire registered share capital of Guangzhou Hai Jian Digits Technology Company Limited (“**Guangzhou Hai Jian**”), a company incorporated in the PRC with limited liability, with an agreed consideration of RMB1,050,000 settled by way of the issuance of an aggregate of 31,120,000 new shares of the Company at HK\$0.0386 per share, at a consideration of HK\$1,201,000.

Guangzhou Hai Jian is principally engaged in the business of internet data services, advertisement design, agency; advertisement publishment and advertising production as well as provision of advertising services for food and beverage products.

The principal investment of the Guangzhou Hai Jian is Liuzhou City Liuzhou River Snails Rice Noodle Industry Service Co., Limited, a company incorporated in the PRC with limited liability and is principally engaged in the operation of Liuzhou river snail rice noodles brand online platform in the city of Liuzhou.

The Group designated the equity securities at FVTOCI (non-recycling), as the investment is held for long-term strategic purposes.

For details of the fair value measurement are set out in Note 32(d).

During the years ended 31 December 2025 and 2024, no dividends were declared by the equity securities and received by the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 20. INTEREST IN AN ASSOCIATE

	2025 HK\$'000	2024 HK\$'000 (Restated)
Cost of investment in an associate	1,553	1,553
Share of post-acquisition loss and other comprehensive expense	(401)	(84)
	<b>1,152</b>	1,469

Details of the associate as at 31 December 2025 and 2024 are as follows:

Name of entity	Form of entity	Place of incorporations establishment and operation	Class of shares held	Percentage of ownership held by the Group	Principal activities
鈺彩印刷服務(惠州)有限公司(“鈺彩”)	Corporation	the PRC	Register capital	28%	Trading and production of books and paper products in the PRC

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 20. INTEREST IN AN ASSOCIATE (CONTINUED)

### Summarised financial information of material associate

The summarised financial information in respect of the associate is accounted for using equity method set out below:

	<b>2025</b> <b>HKS'000</b>	2024 HKS'000 (Restated)
Current assets	<b>7,504</b>	5,464
Non-current assets	<b>2,000</b>	99
Current liabilities	<b>5,388</b>	315
Revenue	<b>1,578</b>	–
Loss for the year	<b>(1,335)</b>	(74)
Other comprehensive income (expenses) for the year	<b>204</b>	(225)
Loss and other comprehensive expense for the year	<b>(1,131)</b>	(299)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 20. INTEREST IN AN ASSOCIATE (CONTINUED)

### Summarised financial information of material associate (Continued)

Reconciliation of the above summarised financial information to the carrying amount is set out as below:

	2025 HK\$'000	2024 HK\$'000 (Restated)
Net assets	4,116	5,248
Proportion of the Group's ownership interest in 鈺彩	28%	28%
Carrying amount of the Group's interest in 鈺彩	1,152	1,469

## 21. TRADE AND OTHER RECEIVABLES

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

The Group does not hold collateral over these balances.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 21. TRADE AND OTHER RECEIVABLES (CONTINUED)

- (i) 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 HK\$'000	2024 HK\$'000 (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	–	3,106
	<b>15,623</b>	7,014

At 31 December 2025, the Group uses general approach to calculate ECL for the trade receivables which are individually assessed.

At 31 December 2024, the Group measured the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables were estimated using a provision matrix by reference to past default experience of the debtor, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Before accepting any new customer, the management of the Company estimates the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed twice a year.

Details of impairment assessment of trade and other receivables are set out in note 32(b) to the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 22. CASH AND CASH EQUIVALENTS

	2025 HK\$'000	2024 HK\$'000
Cash and cash equivalents in the consolidated statement of financial position		
– Cash at bank and on hand (Note (i))	605	849
– Bank overdrafts (Note (ii))	(12,691)	(11,518)
Cash and cash equivalents in the consolidated statement of cash flows	(12,086)	(10,669)

Notes:

- (i) Cash and bank balances for the purpose of meeting the Group's short-term cash carry interest at daily bank deposit rates.
- (ii) Bank overdrafts carry interest at a market rates of 12.08% (2024: 6.31%).

Details of impairment assessment of bank balances are set out in Note 32(b).

## 23. ASSETS HELD FOR SALE

During the year ended 31 December 2025, the Group failed to make periodic payments on its outstanding borrowings. As a result, the Group surrendered to the banker certain secured properties previously included in property, plant and equipment and investment properties.

As at 31 December 2025, having considered the circumstances of the surrender and the ongoing arrangements with the banker, the Directors were of the view that it is highly probable that these properties will be sold within twelve months from the end of the reporting period. Accordingly, the relevant properties were classified as assets held for sale in accordance with the applicable accounting standards and were presented separately in the consolidated statement of financial position.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 23. ASSETS HELD FOR SALE (CONTINUED)

The major classes of assets held for sale are as follows:

	2025 HK\$'000	2024 HK\$'000
Transferred from:		
Property, plant and equipment (note)	31,840	–
Investment properties (note)	36,093	–
	<b>67,933</b>	–

*Note:* The assets held for sale were pledged to a bank to secure the banking facilities granted to the Group as referred to note 25 to the consolidated financial statements.

## 24. TRADE AND OTHER PAYABLES

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 24. TRADE AND OTHER PAYABLES (CONTINUED)

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 HK\$'000	2024 HK\$'000
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
	<b>33,215</b>	19,152

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

## 25. BANK LOANS AND OVERDRAFTS AND OTHER BORROWINGS

	2025 HK\$'000	2024 HK\$'000 (Restated)
Bank loans – secured		
– Variable rate borrowings	96,016	96,062
– Bank overdrafts	12,691	11,518
– Interest payable	17,293	5,471
	<b>126,000</b>	113,051
Other borrowings – unsecured		
– Principal	7,000	–
– Interest payable	148	–
	<b>7,148</b>	–
	<b>133,148</b>	113,051

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 25. BANK LOANS AND OVERDRAFTS AND OTHER BORROWINGS (CONTINUED)

	2025 HK\$'000	2024 HK\$'000 (Restated)
<b>The carrying amounts of the above borrowings and interest payable are repayable*:</b>		
Within one year	37,132	16,989
<b>The carrying amounts of above borrowings that contain a repayment on demand clause (shown under current liabilities) and repayable:</b>		
Within one year	85,498	86,452
Within a period of more than one year but not exceeding two years	1,476	2,132
Within a period of more than two years but not exceeding five years	7,007	5,928
Within a period of more than five years	2,035	1,550
	<b>96,016</b>	96,062
Carrying amounts of total bank loans and overdrafts and other borrowings	<b>133,148</b>	113,051

\* The amounts due are based on scheduled repayment dates set out in the loan agreements.

(i) The effective interest rates of the Group's bank loans and overdrafts and other borrowings are as follows:

	2025	2024
<b>Effective interest rates:</b>		
Bank loans, overdrafts and other borrowings	5.00%–13.60% per annum	3.63%–13.38% per annum

(ii) At 31 December 2025, the banking facilities were secured by assets held for sale (2024: investment properties and property, plant and equipment), and corporate guarantees from the Company and certain subsidiaries.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 25. BANK LOANS AND OVERDRAFTS AND OTHER BORROWINGS (CONTINUED)

- (iii) The carrying amounts of assets pledged against bank loans and overdrafts as at the end of the reporting period were analysed as follows:

	2025 HK\$'000	2024 HK\$'000
Property, plant and equipment	–	38,038
Investment properties	–	43,935
Assets held for sale	67,933	–
	67,933	81,973

- (iv) At 31 December 2025, the Group had banking facilities amounted to HK\$110,168,000 (2024: HK\$116,588,000) of which HK\$110,168,000 (2024: HK\$107,580,000) has been utilised.
- (v) All of the Group's banking facilities are subject to the fulfilment of covenants based on the financial information of the Group and certain of its subsidiaries, as are commonly found in loan arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become payable on demand. In addition, certain of the Group's banking facilities letters contain clauses which give the banks the right at its sole discretion to demand immediate repayment at any time irrespective of whether the Group has complied with the covenants and met the scheduled repayment obligations.

Pursuant to the facility agreement, it will be an event of default if Mr. Lam Sam Ming is (i) no longer the single largest beneficial shareholder of the Company, or (ii) no longer beneficially owns at least 51% of the issued share capital of the Company. In case of an event of default, the bank may by notice to the Company (a) cancel the loan facility, (b) declare that all or part of the loan, together with accrued interest, be immediately due and payable, and/or (c) declare that all or part of the loans be payable on demand.

At 31 December 2025 and 2024, in respect of bank loans with carrying amount of HK\$115,437,000 (2024: HK\$96,460,000) secured by the assets held for sale and corporate guarantee from the Company (2024: investment properties, property, plant and equipment, and corporate guarantees from the Company and certain subsidiaries), the Group breached the corresponding bank covenants, which are primarily related to maintain the gearing ratio of the Group at the agreed level. Upon the breach of loan covenant, the bank has regularly reviewed and assessed the financial covenant clauses. During the year ended 31 December 2025, the Group failed to make periodic payments on its outstanding borrowings. As a result, the Group surrendered to the banker certain secured properties previously included in property, plant and equipment and investment properties. Up to the date of issuance of these consolidated financial statements, there is no action taken by the bank to request for immediate repayment of the bank loans amounted to HK\$115,347,000 (2024: HK\$96,460,000) which breach the covenant. The Directors consider the breach of the covenant would not trigger immediate demand for repayment from bank. Further details of the Group's management of liquidity risk are set out in Note 32(b).

During the year ended 31 December 2025, the Company obtained loans in the amount of HK\$7,000,000 for loans of 6 months, bearing interest at ranging from 5.0% to 10.0% per annum.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 26. AMOUNT DUE TO A SHAREHOLDER/LOAN FROM A SHAREHOLDER

Balances represent the amount due to and loan from a shareholder, Mr Lam Sam Ming, of which the amount due to a shareholder is non-trade in nature, unsecured and interest free. The amount due to a shareholder is not required to be settled within one year.

As at 31 December 2024 the loan from a shareholder amounted to HK\$4,970,000 is interest-free and is not required to be settled within one year.

## 27. AMOUNT DUE TO AN ASSOCIATE

The amount due to an associate is non-trade in nature, unsecured, interest free and repayable on demand.

## 28. LEASE LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Lease liabilities payable:		
Within one year	122	610
After 1 year but within 2 years	54	–
	176	610
Less: Amount due from settlement within 12 months, shown under current liabilities	(122)	(610)
Amount due for settlement after 12 months shown under non-current liabilities	54	–

At 31 December 2025, the incremental borrowing rate applied on the calculation of present value of lease liabilities was 8.83% per annum (2024: 7.26% per annum).

The Group uses the lessee's incremental borrowing rates to discount future lease payments since interest rates implicit in the leases are not readily determinable. In determining the discounts rates for its leases, the Group refers to a rate that is readily observable as the starting point and then applies judgement and adjusts such observable rate to determine the incremental borrowing rate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 29. DEFERRED TAX LIABILITIES

For the purpose of presentation in the consolidated financial statement of financial position, certain deferred tax liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2025 HK\$'000	2024 HK\$'000 (Restated)
Deferred tax liabilities	584	575

The movements in deferred tax liabilities during the current and prior years are as follows:

	Depreciation allowance in excess of the related depreciation HK\$'000	Depreciation charge of right-of-use assets HK\$'000	Total HK\$'000
At 1 January 2024 (as originally stated)	7,770	842	8,612
Prior year adjustment	(6,694)	–	(6,694)
At 1 January 2024 (restated)	1,076	842	1,918
Credited to profit or loss	(501)	(842)	(1,343)
At 31 December 2024 and at 1 January 2025 (restated)	575	–	575
Charged to profit or loss	9	–	9
At 31 December 2025	584	–	584

At 31 December 2025, the Group has estimated unused tax losses of approximately HK\$177,402,000 (2024: HK\$151,111,000) available for offset against future profits. No deferred tax assets have been recognised as at 31 December 2025 and 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 30. SHARE CAPITAL

	Number of shares		Share capital	
	2025 '000	2024 '000	2025 HK\$'000	2024 HK\$'000
<b>Issued and fully paid:</b>				
<i>Ordinary shares</i>				
At the beginning of the reporting period	104,388	86,998	108,490	106,319
Placing of new ordinary shares (Note a)	–	17,390	–	2,171
At the end of the reporting period	104,388	104,388	108,490	108,490

Note:

- (a) On 20 September 2024, the Company entered into a placing agreement with a placing agent for placing a maximum of 17,390,000 ordinary shares of the Company at a placing price of HK\$0.125 per share.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 31. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year was to maintain the net debt-to-equity ratio in a balance position.

The capital structure of the Group consists of net debt, which includes bank loans and overdrafts and other borrowings, amounts due to a shareholder and an associate, loan from a shareholder and lease liabilities disclosed in Notes 25, 26, 27 and 28 respectively, net of bank balances and cash, and equity attributable to owners of the Company, comprising issued share capital, accumulated losses and other reserves.

The gearing ratio at the end of the reporting period was as follows:

	2025 HK\$'000	2024 HK\$'000 (Restated)
Debt	155,928	137,043
Bank balances and cash	(605)	(849)
Net debt	155,323	136,194
Equity	(115,485)	(70,750)
<b>Net debt to equity ratio</b>	<b>(134.5%)</b>	<b>(192.5%)</b>

Except for the banking facilities which require the fulfilment of covenants as disclosed in Note 25, neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 32. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

	2025 HK\$'000	2024 HK\$'000 (Restated)
<b>Financial assets at FVTOCI</b>	<b>417</b>	1,201
<b>Financial assets at amortised cost</b>	<b>16,598</b>	11,457
<b>Financial liabilities at amortised cost</b>	<b>200,317</b>	166,851

### (b) Financial risk management objectives and policies

The Group's major financial instruments include financial assets at FVTOCI, trade and other receivables, bank balances and cash, trade and other payables, bank loans and overdrafts, other borrowings, amount due to a shareholder and an associate, loan from a shareholder and lease liabilities. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

#### Market risk

##### (i) Currency risk

Certain group entities have foreign currency sales and purchases denominated in RMB, US\$ and GBP other than the functional currency of respective entities, which expose the Group to foreign currency risk.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 32. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management objectives and policies (Continued)

#### Market risk (Continued)

##### (i) Currency risk (Continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities and intra-group balances at the end of the reporting period are as follows:

	Assets		Liabilities	
	2025 HK\$'000	2024 HK\$'000 (Restated)	2025 HK\$'000	2024 HK\$'000 (Restated)
US\$	3,728	2,331	4,418	2,073
RMB	–	–	1,572	19
GBP	–	369	–	–

The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

The directors of the Company consider the impact of currency risks denominated US\$ is insignificant as US\$ pegged with HK\$.

#### *Sensitivity analysis*

The following table details the Group's sensitivity to a 5% (2024: 5%) increase and decrease in HK\$ against the relevant foreign currencies. 5% (2024: 5%) is the sensitivity rate used when reporting foreign currency risk internally to the management represents management's assessment of the reasonably possible change in foreign exchange rates.

The directors of the Company consider the impact of post-tax loss arising from the Group's sensitivity to a 5% increase and decrease in HK\$ against RMB and GBP is insignificant, no sensitivity analysis is presented for these currencies.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 32. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management objectives and policies (Continued)

#### Market risk (Continued)

#### (ii) Interest rate risk

The Group is exposed to fair value interest risk in relation to bank balances (see Note 22), bank loans and overdrafts and other borrowings (see Note 25), and lease liabilities (see Note 28). Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group does not use financial derivatives to hedge against the interest rate risk. The Group's interest rate profile as monitored by the management is set out below.

The following table details the interest rate profile of the Group's borrowings (excluded interest payable) and lease liabilities at the end of the reporting period:

	2025		2024	
	Effective interest rate %	Amount HK\$'000	Effective interest rate %	Amount HK\$'000
<b>Fixed rate borrowings:</b>				
Lease liabilities	8.83	176	7.26	610
Loan from a shareholder	–	–	3.44	4,970
Other borrowings	8.57	7,000	–	–
		7,176		5,580
<b>Variable rate borrowings:</b>				
Bank overdrafts	12.08	12,691	3.63–6.38	11,518
Bank loans	13.60	96,016	3.63–13.38	96,062
		108,707		107,580
<b>Total borrowings</b>		<b>115,883</b>		<b>113,160</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 32. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management objectives and policies (Continued)

#### Market risk (Continued)

##### (ii) Interest rate risk (Continued)

At 31 December 2025, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's loss after tax and increased/decreased accumulated losses by approximately HK\$908,000 (2024: HK\$898,000).

The sensitivity analysis above indicates the annualised impact on the Group's interest expense that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to variable-rate instruments which expose the Group to cash flow interest rate risk at that date. The analysis does not take into account exposure to fair value interest rate risk arising from fixed rate instruments as the Group's exposure to fair value interest risk is insignificant.

#### Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade and other receivables, pledged bank deposits and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group performed impairment assessment for financial assets and other items under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

##### Trade receivables arising from contracts with customers

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer obtained from external valuer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 180 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group has no significant concentration of credit risk in single segments or countries in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 21% (2024: 3%) of the total trade receivables were due from the Group's largest customer and 79% (2024: 83%) of the total trade receivables were due from the Group's five largest customers respectively.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 32. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management objectives and policies (Continued)

#### Credit risk and impairment assessment (Continued)

Trade receivables arising from contracts with customers (Continued)

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a collective and individual assessment. As the Group's historical credit loss experience indicates significantly different loss patterns for different customer segments, the impairment loss based on past due status is further distinguished between the Group's different customer bases.

The customer bases consist of the following groups, classified by credit risk characteristics:

#### *Collective assessment*

- |          |   |
|----------|---|
| Group 1: | Insured customers – credit loss is hedged by insurance policies and have no historical default record                           |
| Group 2: | Long-term business relationship customers – always pay late but have no historical default record                               |
| Group 3: | Other customers are neither in Group 1 & 2 nor credit-impaired with significant increase in credit risk but not credit-impaired |

#### *Individual assessment*

Credit-impaired trade debtors and trade debtors with significant balance are assessed for ECL individually.

For Group 1, the Group has monitoring procedures in place to make sure that the credit limit granted to these customers maintains at an acceptable level compared to the sum insured by the insurance companies. In this regard, management considers credit risk in respect of these customer is significantly mitigated.

For Group 2, in view of the history of business dealings with the customers and the sound collection history of the receivables due from them, management believes that there is no material credit risk inherent in the Group's outstanding receivable balance due from these customers.

For Group 3, expected loss rates are based on actual loss experience over the past 3 years and with reference from external valuer's information. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 32. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management objectives and policies (Continued)

#### Credit risk and impairment assessment (Continued)

Trade receivables arising from contracts with customers (Continued)

*Individual assessment (Continued)*

Credit-impaired trade debtors and trade debtors with significant balances with gross carrying amount of HK\$125,086,000 (2024: HK\$37,976,000) and HK\$20,452,000 (2024: HK\$76,212,000) respectively as at 31 December 2025 were individually assessed. At 31 December 2025, the balance of impairment loss in respect of these individually assessed receivables was HK\$129,915,000 (2024: HK\$112,447,000).

The following tables provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2025 and 2024:

	ECL rate	Gross carrying amounts HK\$'000	Loss allowance HK\$'000	Net carrying amounts HK\$'000
<b>At 31 December 2025</b>				
Provision on individual basis	20.65%–100.00%	145,538	(129,915)	15,623

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 32. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management objectives and policies (Continued)

#### Credit risk and impairment assessment (Continued)

Trade receivables arising from contracts with customers (Continued)

Individual assessment (Continued)

	ECL rate	Gross carrying amounts HK\$'000	Loss allowance HK\$'000	Net carrying amounts HK\$'000
<b>At 31 December 2024</b>				
<i>Provision on collective basis</i>				
Group 1 customers	0%*	1,857	–	1,857
Group 2 customers	0%	–	–	–
Group 3 customers				
– Current (not past due)	0.59%	535	(3)	532
– Within 1 month past due	0.59%	5	–	5
– 1 to 3 months past due	1.80%	109	(2)	107
– 3 to 6 months past due	5.37%	183	(10)	173
– Over 6 months past due	10.73%	615	(66)	549
– Over 1 year	84.32%	11,721	(9,671)	2,050
		15,025	(9,752)	5,273
Provision on individual basis	0.59%–100.00%	114,188	(112,447)	1,741
		129,213	(122,199)	7,014

\* At 31 December 2024, according to the historical observed default rates of expected lives of Group 1 customers, the ECL rates are immaterial.

Expected loss rates are based on actual loss experience over past 5 years and with reference from external valuer's information. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 32. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management objectives and policies (Continued)

#### Credit risk and impairment assessment (Continued)

Trade receivables arising from contracts with customers (Continued)

*Individual assessment (Continued)*

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
<b>At 1 January 2024 (as originally stated)</b>	74,536	35,284	109,820
Prior year adjustment (Note 3.1(b))	–	6,150	6,150
<b>At 1 January 2024 (as restated)</b>	74,536	41,434	115,970
Impairment losses (reversed)/recognised (as restated)	(583)	6,812	6,229
<b>At 31 December 2024 and 1 January 2025</b>	<b>73,953</b>	<b>48,246</b>	<b>122,199</b>
Impairment losses recognised	<b>4,066</b>	<b>3,650</b>	<b>7,716</b>
<b>At 31 December 2025</b>	<b>78,019</b>	<b>51,896</b>	<b>129,915</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 32. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management objectives and policies (Continued)

#### Credit risk and impairment assessment (Continued)

Other receivables and deposits

Movement in impairment loss in respect of deposits and other receivables during the year is as follows:

	2025 HK\$'000	2024 HK\$'000
<b>Balance at 1 January</b>	<b>9,087</b>	9,104
Impairment loss recognised	123	–
Impairment loss reversed	–	(17)
Written-off	<b>(9,072)</b>	–
<b>Balance at 31 December</b>	<b>138</b>	9,087

At the end of the reporting period, the Group reviews other receivables and deposits for evidence of impairment on an individual and collective bases. At 31 December 2025, the Group determined other receivables and deposits with significant balance of approximately HK\$15,000 was individually assessed (2024: HK\$9,687,000). Based on this individual assessment, impairment loss of approximately nil was reversed (2024: HK\$30,000 was reversed) during the year. An impairment of approximately HK\$123,000 was recognised (2024: HK\$13,000) based on collective assessment.

#### Cash at bank

The Group mitigates its exposure to credit risk by placing deposits with banks with established credit ratings. Given the high credit ratings of the banks, management does not expect any counterparty to fail to meet its obligations.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 32. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management objectives and policies (Continued)

#### Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of bank borrowings. Bank loans with a repayment on demand clause, including the bank loans that are repayable on demand due to breach of loan covenants as disclosed in Note 25, are included in the earliest time band regardless of the possibility of the bank choosing to exercise its rights.

The directors have carried out a detailed review of the cash flow forecast of the Group for the twelve months ending 31 December 2025 and other measures taken by the management as referred to in Note 3.2 to the consolidated financial statements, and consider that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the twelve months from 31 December 2025.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 32. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management objectives and policies (Continued)

#### Liquidity risk (Continued)

	Weighted average interest rate (%)	On demand or less than 1 year HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	Over 5 years HK\$'000	Total contractual undiscounted cash flow HK\$'000	Total carrying amount HK\$'000
<b>At 31 December 2025</b>							
Trade and other payables	–	44,389	–	–	–	44,389	44,389
Bank loans	13.60	113,309	–	–	–	113,309	113,309
Bank overdrafts	12.08	12,691	–	–	–	12,691	12,691
Other borrowings	8.57	7,329	–	–	–	7,329	7,148
Amount due to a shareholder	–	21,051	–	–	–	21,051	21,051
Amount due to an associate	–	1,553	–	–	–	1,553	1,553
Lease liabilities	8.83	132	55	–	–	187	176
		200,454	55	–	–	200,509	200,317
<b>At 31 December 2024</b>							
Trade and other payables	–	29,808	–	–	–	29,808	29,808
Bank loans	13.38	101,533	–	–	–	101,533	101,533
Bank overdrafts	6.31	11,518	–	–	–	11,518	11,518
Amount due to a shareholder	–	16,859	–	–	–	16,859	16,859
Loan from a shareholder	–	–	4,970	–	–	4,970	4,970
Amount due to an associate	–	1,553	–	–	–	1,553	1,553
Lease liabilities	4.65–7.26	667	–	–	–	667	610
		161,918	4,970	–	–	166,888	166,851

Bank loans with a repayment on demand clause are included in the “on demand or less than 1 year” time band in the above maturity analysis. At 31 December 2025, the aggregate carrying amounts of these bank loans amounted to HK\$113,309,000 (2024: HK\$101,533,000).

The following table presents the repayment schedule of the bank loans based on the scheduled repayment dates stipulated in the respective loan agreements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 32. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management objectives and policies (Continued)

#### Liquidity risk (Continued)

Maturity Analysis – Bank loans with a repayment on demand clause based on scheduled repayments

	Less than 1 year HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash outflows HK\$'000	carrying amount HK\$'000
<b>31 December 2025</b>	<b>103,872</b>	<b>1,476</b>	<b>7,007</b>	<b>2,035</b>	<b>114,390</b>	<b>113,309</b>
31 December 2024	91,923	2,133	7,127	1,550	102,733	101,533

### (c) Fair values

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on a discounted cash flow analysis using prices from observable current market transactions. The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate to their fair values.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 32. FINANCIAL INSTRUMENTS (CONTINUED)

### (d) Fair value measurement of financial instruments

One of the Group's financial assets is measured at fair value at the end of the reporting period. The following table provides an analysis of financial instrument that is measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

	Level 1		Level 2		Level 3		Valuation techniques and key inputs
	2025	2024	2025	2024	2025	2024	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Financial assets at FVTOCI							
– unlisted equity investment	–	–	–	–	417	1,201	The fair value of the unlisted equity securities at FVTOCI, was determined by the Company, based on market approach using the forward price-to-earnings ratio.

There were no transfers between Levels 2 and 3 during the years ended 31 December 2025 and 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank loans and interest payable HK\$'000	Other borrowing and interest payable HK\$'000	Amount due to/ loan from a shareholder HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
<b>At 1 January 2025 (as restated)</b>	101,533	–	21,829	610	123,972
<b>Financing cash flows:</b>					
Proceeds from other borrowing	–	7,000	–	–	7,000
Repayment of bank loans	(46)	–	–	–	(46)
Interest and other borrowing costs paid	(2,038)	–	–	–	(2,038)
Interest on lease liabilities paid	–	–	–	(17)	(17)
Advance from a shareholder	–	–	1,070	–	1,070
Repayment to a shareholder	–	–	(460)	–	(460)
Repayment of lease liabilities	–	–	–	(676)	(676)
<b>Non-cash changes:</b>					
Interest on bank loans and overdrafts	13,860	–	–	–	13,860
Interest on lease liabilities	–	–	–	17	17
Interest on other borrowing	–	148	–	–	148
Addition	–	–	–	242	242
Reclassified from other receivable	–	–	(1,560)	–	(1,560)
Exchange realignment	–	–	172	–	172
<b>At 31 December 2025</b>	113,309	7,148	21,051	176	141,684

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONTINUED)

	Bank loans and interest payable HK\$'000	Amount due to/ loan from a shareholder HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
<b>At 1 January 2024</b>	111,005	9,816	12,591	133,412
<b>Financing cash flows:</b>				
Proceeds from new bank loans	57,374	–	–	57,374
Repayment of bank loans	(72,248)	–	–	(72,248)
Interest and other borrowing costs paid	(3,497)	–	–	(3,497)
Interest on lease liabilities paid	–	–	(281)	(281)
Advance from a shareholder	–	14,741	–	14,741
Repayment to a shareholder	–	(4,244)	–	(4,244)
Repayment of lease liabilities	–	–	(5,246)	(5,246)
<b>Non-cash changes:</b>				
Interest on bank loans and overdrafts	8,899	–	–	8,899
Interest on loan from a shareholder	–	69	–	69
Interest on lease liabilities	–	–	281	281
Lease termination	–	–	(6,735)	(6,735)
Exchange realignment	–	1,447	–	1,447
<b>At 31 December 2024 (as restated)</b>	101,533	21,829	610	123,972

## 34. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2025, the Group entered into lease arrangements in respect of lease properties and machineries. On commencement of the lease, the Group recognised right-of-use assets and lease liabilities of approximately HK\$242,000.

During the year ended 31 December 2025, the shareholder entered into an agreement with an independent third party to assume the debt of approximately HK\$1,560,000. Accordingly, the other receivable and the amount due to the shareholder were offset against each other.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 35. RELATED PARTY TRANSACTIONS

### (a) Transaction with related parties

Save as disclosed elsewhere in the consolidated financial statements, the Group entered into the following significant transactions with related parties during the years ended 31 December 2025 and 2024:

- (i) Prosperous Printing Co. (the “**Partnership**”), a partnership carried on by Mr. Lam and Ms. Yao, spouse of Mr. Lam granted to the Company exclusive right to use vehicle licenses without charge.
- (ii) The Company granted to the Partnership, a non-exclusive license to use of the name “Prosperous” or “萬里” without charge.

- (b) Save as disclosed elsewhere in the consolidated financial statements, the Group has no other material balances with related parties as at 31 December 2025 and 2024.

### (c) Compensation of key management personnel

Remuneration for key management personnel of the Group, including amounts paid to the Company’s directors and certain of the highest paid employees as disclosed in Note 13, is as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries and other emoluments	3,156	4,777
Retirement scheme contributions	66	78
	3,222	4,855

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2025 HK\$'000	2024 HK\$'000 (Restated)
<b>Non-current assets</b>		
Investments in subsidiaries	48,954	64,238
Property, plant and equipment	844	1,058
Financial assets at FVTOCI	417	1,201
	<b>50,215</b>	66,497
<b>Current assets</b>		
Trade and other receivables	309	483
Amounts due from subsidiaries (Note i)	20,488	18,671
Bank balances and cash	14	–
	<b>20,811</b>	19,154
<b>Current liabilities</b>		
Trade and other payables	5,066	4,113
Amounts due to subsidiaries (Note i)	155,601	156,343
Bank loans and overdrafts	115,347	102,235
Other borrowing	7,148	–
Amount due to a shareholder	1,463	–
Lease liabilities	122	–
	<b>284,837</b>	262,691
<b>Net current liabilities</b>	<b>(264,026)</b>	(243,537)
<b>Total assets less current liabilities</b>	<b>(213,811)</b>	(177,040)
<b>Non-current liabilities</b>		
Lease liabilities	54	–
Deferred tax liabilities	141	176
	<b>195</b>	176
<b>NET LIABILITIES</b>	<b>(214,006)</b>	(177,216)
<b>Capital and reserves</b>		
Share capital	108,490	108,490
Reserves (Note ii)	(322,496)	(285,706)
<b>TOTAL CAPITAL DEFICIENCIES</b>	<b>(214,006)</b>	(177,216)

Approved and authorised for issue by the Board of Directors on 31 March 2026 and signed on its behalf by

**Lam Sam Ming**  
Director

**Chan Sau Po**  
Director

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Notes:

- (i) The amounts are unsecured, non-interest bearing and repayable on demand.
- (ii) The movements in reserves of the Company are as follows:

	Capital reserve HK\$'000 (Note)	Revaluation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2024	3,318	–	(66,610)	(63,292)
Loss and total comprehensive expense for the year	–	–	(222,414)	(222,414)
At 31 December 2024 and 1 January 2025 (as restated)	3,318	–	(289,024)	(285,706)
Loss and total comprehensive expense for the year	–	(784)	(36,006)	(36,790)
At 31 December 2025	3,318	(784)	(325,030)	(322,496)

Note: Capital reserve comprises deemed contribution from the controlling shareholder in prior years.

- (iii) Prior year adjustment adopted in the position of the Company

The Company has made the following prior year adjustments on the Company's standalone financial statements.

- (a) ECL on amounts due from subsidiaries

The Directors reassessed the ECL on certain long-outstanding amounts due from subsidiaries and determined that the ECL previously recognised in prior years was insufficient. Based on the reassessment of the Directors, additional ECL of approximately HK\$115,897,000 should be recognised for the year ended 31 December 2024 and therefore, amounts due from subsidiaries as at 31 December 2024 were overstated by approximately HK\$115,897,000, and accumulated losses were understated by the same amount.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2025*

## **36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)**

*Notes:* (Continued)

(iii) (Continued)

(b) Impairment loss on investments in subsidiaries

The Directors reassessed the carrying amount on investments in subsidiaries and determined that the impairment loss provision previously recognised in prior years was insufficient. Based on the reassessment of the Directors, additional impairment loss of approximately HK\$100,098,000 should be recognised for the year ended 31 December 2024 and therefore, investments in subsidiaries as at 31 December 2024 were overstated by approximately HK\$100,098,000, and accumulated losses were understated by the same amount.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 37. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the principal subsidiaries with limited liability directly and indirectly held by the Company as at 31 December 2025 and 31 December 2024 are set out below:

Name of company	Place and date of incorporation/ establishment	Class of shares held	Particulars of issued and fully paid capital/ registered share capital	Proportion of ownership interest held by the Company				Principal activity and place of operation
				Directly		Indirectly		
				2025 %	2024 %	2025 %	2024 %	
Printplus Limited	Hong Kong	Ordinary	100 shares	100	100	–	–	Trading of books and paper products in Hong Kong
Great Wall Printing Company Limited	Hong Kong	Ordinary	100 shares	–	–	100	100	Trading and production of books and paper products in Hong Kong
Prosperous Printing (HK) Company Limited	Hong Kong	Ordinary	10,000 shares	100	100	–	–	Trading of books and paper products in Hong Kong
Prosperous Printing (Shenzhen) Co., Ltd. (中萬印刷(深圳)有限公司) (Note)	the PRC	Paid up	RMB60,000,000 registered capital	100	100	–	–	Productions of books and paper products in the PRC
Super Noble Limited	Hong Kong	Ordinary	10,000 shares	–	–	100	100	Property investment in Hong Kong
Tactful Hero Limited	Hong Kong	Ordinary	1,000 shares	–	–	100	100	Property investment in Hong Kong
Jade View Limited	Hong Kong	Ordinary	1	–	–	100	100	Trading of books and paper products in Hong Kong
Yellow River Printing Company Limited	Hong Kong	Ordinary	10,000	–	–	100	100	Trading of books and paper products in Hong Kong

*Note:* Prosperous Printing (Shenzhen) Company Limited is established in the PRC as a wholly foreign-owned enterprise. The English name is for identification purpose only.

The Directors are of the opinion that a complete list of subsidiaries of the Company will be of excessive length and therefore the above list contains only the particulars of subsidiaries which principally affects the results or assets of the Group.

None of the subsidiaries had issued any debt securities as at the end of the year.

## FIVE-YEAR FINANCIAL SUMMARY

	<b>2025</b> <b>HK\$'000</b>	2024 HK\$'000 (Restated)	2023 HK\$'000 (Restated)	2022 HK\$'000	2021 HK\$'000
	<b>Note</b>	Note	Note	Note	Note
<b>For the year</b>					
Revenue	<b>22,221</b>	50,056	146,206	194,827	281,810
Loss before taxation	<b>(42,011)</b>	(108,977)	(28,989)	(58,332)	(81,126)
Loss attributable to equity holders of the Company	<b>(43,082)</b>	(107,688)	(22,418)	(59,655)	(83,086)
<b>At year end</b>					
Total assets	<b>86,955</b>	97,169	227,627	300,499	381,317
Total liabilities	<b>(202,440)</b>	(167,919)	(192,822)	(242,694)	(251,032)
Total (capital deficiencies)/equity attributable to equity holders of the Company	<b>(115,485)</b>	(70,750)	34,805	57,805	130,285

*Note:* The financial figures were extracted from the consolidated financial statements in the respective annual report.