



LION ROCK GROUP LIMITED
獅子山集團有限公司
STOCK CODE: 1127



ANNUAL REPORT 2025

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The Group continues to operate in a market shaped by geopolitical and macroeconomic uncertainties beyond our control, including conflicts in the Middle East and Ukraine, rising tensions in the South China Sea, and broader global risk factors. While these headwinds present challenges for the industry, we remain focused on the factors within our influence, taking disciplined and proactive steps across the organisation to strengthen operational resilience and maintain competitiveness.

CHAIRMAN'S STATEMENT

In 2025, the Group operated in a challenging environment characterised by tariff uncertainties and continued softness in the global illustrated book market. Group turnover declined by 9.8% to HK\$2,407.2 million (2024: HK\$2,668.6 million), and profit attributable to owners decreased by 12.5% to HK\$187.7 million (2024: HK\$214.4 million). Although these results reflect cyclical pressures and the ongoing strategic reset within our publishing business, the profitability of our core printing and print services management operations remained resilient.

Despite frequent changes in United States tariff policy, informational books remain exempt from the temporary global tariff of 10 percent implemented under Section 122, which took effect in February 2026 for 150 days. The Trump administration is expected to transition to new Section 301 tariffs following the mid-July expiry. Management is cautiously hopeful that informational books will continue to be exempt, consistent with previously concluded trade deals under the IEEPA tariff framework.

The Group maintained a robust balance sheet, with net cash position of approximately HK\$540.8 million, calculated as cash and cash equivalents less bank borrowings. This strong financial position, together with consistent earnings, provides us with the resilience to navigate industry headwinds and the capacity to emerge stronger in an increasingly competitive environment.

We remain focused on disciplined execution, strengthening our cost base, and investing in operational excellence. The Board is pleased to declare a second interim dividend of 9 cents per share, resulting in a full year dividend of 12 cents per share, reflecting our confidence in the Group's long-term prospects and our commitment to shareholder returns.

The Board also wishes to express its sincere gratitude to the late Mr. David Webb, a long-standing shareholder who recently passed away. His steadfast advocacy for strong corporate governance in Hong Kong encouraged us to enhance our practices, increase transparency, and strengthen oversight. We are grateful for his contributions and remain committed to upholding the high standards he championed.

Finally, I would like to express my sincere appreciation to all our staff for your hard work, dedication, and professionalism. Your commitment continues to be the driving force behind our achievements.

MR. Lau Chuk Kin

Chairman
Hong Kong, 30 March 2026



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's turnover decreased by 9.8% to HK\$2,407.2 million in 2025 (2024: HK\$2,668.6 million), primarily reflecting continued softness in the global illustrated book market and weakened consumer sentiment following the IEEPA fentanyl and reciprocal tariffs introduced by the Trump Administration in the second quarter of 2025.

Profit attributable to owners of the Company declined by 12.5% to HK\$187.7 million (2024: HK\$214.4 million). Although contributions from our print manufacturing and print services management operations were broadly consistent with last year, overall profit was adversely affected by reduced earnings from Quarto during its year of strategic reset.

Publishing houses adopted a more cautious approach to inventory management and have consequently reduced the volumes ordered. According to XPORT IQ, which tracks global freight and goods movements, shipments of books into the United States from the top 20 offshore printers declined by double digit percentages in 2025 compared with 2024. This trend reflects both tighter ordering behaviour and a partial shift toward domestic production following the tariffs introduced by the Trump Administration in April 2025.

The global book market showed mixed results across major regions. The United States, the largest book market in the world, recorded a slight 0.4 percent year on year decline in printed book unit sales based on Circana BookScan data. Within the U.S. market, Adult Fiction grew by 0.6 percent, Children's Books increased by 1.2 percent, while Adult Non-fiction fell by 2.2 percent. Elsewhere, the United Kingdom saw a 2.5 percent decline in overall book sales, while Australia posted a 1.4 percent increase. Our publishing business underperformed relative to these trends, particularly within illustrated Adult Non-Fiction and Children's categories.

The book market in Mainland China market remained soft in 2025, with unit sales declining by 2.3 percent. As noted in our previous financial reports, prolonged domestic softness has driven indigenous Chinese printers to pursue overseas business, intensifying competition and exerting pressure on margins. This trend is evident in their increased presence at international book fairs and the more aggressive pricing now seen in the market. Despite these pressures, the Group maintained its gross margin performance through disciplined cost management and enhanced operational efficiency.

A. PRINT MANUFACTURING

1010 Printing:

Sales turnover of 1010 Printing in China declined by 17% year on year, reflecting reduced demand for offshore printing services from publishing clients. The Group's flagship manufacturing facility will mark its twentieth anniversary in 2026, and during the year we invested in new printing presses and completed a comprehensive upgrade of both the production areas and the dormitory facilities. As a result, we believe the plant now operates at world class standards and ranks among the most efficient book printing facilities globally.

Throughout the period, we also worked closely with customers to mitigate the impact of the 7.5% Section 301 tariff applied to certain printed books, which contributed to some margin erosion. Overall profit increased, supported by favourable foreign exchange movements, lower operating expenses, and reduced interest costs following the phased repayment of bank borrowings.

Left Field Printing Group:

Left Field Printing in Australia recorded a 4% decrease in turnover during the year. The division specialises in the production of read for pleasure books, technical journals, and printed materials for local government departments. Demand for read for pleasure books and technical journals remained broadly stable; however, the continued digitalisation of government services led to a further reduction in the volume of printed materials required, resulting in lower revenue for the period.

The integration of the recently acquired Marvel bookbinding business in Melbourne progressed smoothly. Its operations have been fully consolidated into those of Left Field, and the full complement of Marvel's staff has remained with the combined business.

The subsidiary experienced intermittent operational disruptions due to unplanned breakdowns of its ageing machinery. As previously disclosed, the Group is progressing with a multi year investment programme to renew the equipment fleet. We have accelerated discussions with our customers to shape this plan, as the investment is critical to supporting a sustainable long term operating model and maintaining the high levels of production efficiency our customers expect.

Papercraft:

Sales turnover at Papercraft in Malaysia increased by 6%, driven by expanded print service capacity and a shift in publishing clients away from China amid uncertainty surrounding US tariffs on Chinese products.

Papercraft, acquired as a subsidiary six years ago, has developed into one of Malaysia's leading book printers in quality control and delivery performance. Despite this progress, the business has not yet achieved the level of profitability we expect. Key operational challenges persist, particularly in production efficiency, raw material cost management, and overall production yield.

B. PRINT SERVICES MANAGEMENT**APOL Group**

Sales turnover at APOL declined by 2%, primarily due to softer demand from the US and Australian markets, partially offset by stronger orders from the UK and EU. Profit recorded a modest increase, as reduced operating expenses effectively offset the decline in gross profit. Overall, the division delivered a highly satisfactory performance within the Group's printing segment.

Regent Publishing

Regent's sales turnover declined by 18%, reflecting continued softness in the US market, where the division primarily operates. Its focus on non-book products, categories that remain subject to US tariffs, made it particularly vulnerable to the downturn. At one point, tariff rates on China manufactured checker sets and playing cards reached 30 percent, while printed journals were subject to a 55 percent rate.

These elevated tariffs prompted clients to shift sourcing to alternative markets such as Vietnam and Thailand, impacting Regent's performance. Following the subsequent 10 percent reduction in China related IEEPA tariffs by the Trump administration, and as some clients returned to Chinese suppliers due to quality, scheduling, and reliability considerations, management expects a gradual recovery in performance.

Libermata

Libermata provides procurement consulting services for publishing houses. The division completed a procurement programme for a major trans Atlantic client in early 2025, delivering multi-million dollar savings. It is now partnering with Giunti Editore, one of Italy's largest publishing houses, to implement a procurement programme aimed at reducing both print and freight shipping costs.



MANAGEMENT DISCUSSION AND ANALYSIS

Through its consulting led approach, Libermata helps publishers address critical production and logistics challenges while building long term strategic partnerships. This model deepens our understanding of client needs and positions us as part of their solution. Although customised solutions may place some pressure on printing margins, the strengthened client relationships and increased strategic relevance support a sustainable long term business model.

C. PUBLISHING

The Quarto Group

Quarto's revenue declined by 9% in 2025, reflecting both the softness in the global illustrated book market and the strategic reset of the business. Management is using this period to accelerate structural and process reorganisation, with a focus on strengthening financial discipline, improving operational agility, and enhancing sales and marketing effectiveness.

Despite the challenging conditions in the global book market, Quarto's foreign rights business remained a steady source of profit, supported by its strong network of international publishing clients. At the same time, the custom, proprietary, and value books segment delivered solid performance, underpinned by continued demand from major retail customers. Together, these segments provide a diversified and recurring revenue base that helps mitigate softness in traditional trade publishing.

STRATEGIC OUTLOOK

The United States remains the Group's largest revenue market, and U.S. tariff policy continues to be the most significant external trade factor affecting our operations. Following the Supreme Court's decision invalidating tariffs imposed under IEEPA, the administration implemented a temporary 10% Section 122 tariff for 150 days beginning in February 2026, from which informational books remain exempt. Upon expiry of Section 122, we expect the administration to revert to Section 301 to reintroduce tariffs on Chinese-manufactured goods. Although the structure of any revised Section 301 measures is not yet known, we remain cautiously optimistic that informational books will continue to be excluded, in line with their treatment under both IEEPA and Section 122.

Tariffs can erode the competitive position of Chinese printers in the U.S. market. However, given the hollowing out of the four colour printing industry in the United States, the substantially higher cost of domestic production, and the prevailing price differentials between Chinese and EU suppliers, we believe China based printers will remain competitive provided U.S. tariffs are applied consistently to books manufactured in both China and the EU, in accordance with the trade deals previously concluded by the Trump administration.

Our strategic investment in Papercraft also serves as an important hedge against future tariff risk. This investment has reinforced our core printing capabilities by giving our publishing partners a credible, non-China production alternative, an option that has been well received by major publishing houses.

The European Parliament and Council have confirmed that printed books are exempt from the European Union Deforestation Regulation (EUDR). As a result, offshore book printers are no longer required to submit geolocation data or due-diligence statements for finished printed books imported into the EU market. This development is positive for offshore printers, as it allows them to remain competitive.

Freight shipping rates have remained subdued. The primary reason is structural overcapacity, as the global orderbook for new vessels remains exceptionally large, with many ships ordered during the supply chain disruptions of 2021–2022 now entering service. While the conflict in the Middle East may cause short term fluctuations, the influx of new capacity continues to outpace demand, and we expect subdued freight costs to persist as U.S. tariff policy continues to dampen global trade volumes.

Chinese printers continue to compete aggressively for overseas book printing orders in a soft domestic economy. This challenging environment is likely to persist until supply and demand rebalance, potentially through market consolidation and the exit of less competitive operators. To further mitigate pricing pressure, we are driving production workflow optimisation through an ongoing revamp of our ERP and CRM systems with expanded AI capabilities, particularly in capacity planning and scheduling, and evaluating longer term automation technologies to support a highly efficient factory floor.

In the illustrated book market, publishers continue to face opposing pressures as royalty costs for established authors, photographers, and illustrators have risen sharply, about 30 percent since COVID, while pricing power remains limited. In response, our publishing business is rightsizing operations and prioritising emerging authors and illustrators, where advances are more sustainable. We are cultivating a broader pipeline of new creative talent. This approach not only reduces dependence on high profile, agent represented contributors but also positions the business to develop fresh voices and build more balanced, resilient publishing lists over time.

NEAR-TERM PROSPECT

The Group continues to operate in a market shaped by geopolitical and macroeconomic uncertainties beyond our control, including conflicts in the Middle East and Ukraine, rising tensions in the South China Sea, and broader global risk factors. While these headwinds present challenges for the industry, we remain focused on the factors within our influence, taking disciplined and proactive steps across the organisation to strengthen operational resilience and maintain competitiveness.

In our asset light print management operations, we have executed targeted cost reduction initiatives to protect margins, including streamlining headcount, shifting selected functions to lower cost locations in Mainland China, and automating key business processes. These measures enhance efficiency, reduce manual workload, and ensure that the business remains agile and scalable in a rapidly evolving environment.

Our asset heavy printing operations are progressing through a comprehensive efficiency programme aimed at long term competitiveness. Leveraging our strong net cash position, we are selectively upgrading our equipment fleet at a time when many competitors are holding back on capital expenditure. This has enabled us to secure high quality machines on favourable terms when original buyers withdrew, and to attract experienced workers as peers scale down. Our solid balance sheet has therefore become a strategic advantage, enabling us to pursue growth opportunities even amid uncertainty.

Our publishing business at Quarto has continued its strategic reset, with a strong emphasis on reinforcing financial discipline, strengthening core processes, and broadening our revenue streams. Although the outlook for the illustrated book market remains uncertain, we expect improved profitability compared with 2025, supported by initiatives designed to reduce pre-publication and printing costs.



MANAGEMENT DISCUSSION AND ANALYSIS

As noted last year, Quarto has been working with an external consultancy to develop AI enabled tools that modernise and enhance key publishing workflows. These tools have already improved the efficiency of product discoverability and strengthened the effectiveness of our advertising activities. We will continue to deepen our use of AI and further expand these capabilities across the publishing process.

Looking ahead, the Group remains confident in its ability to deliver sustainable progress. Our strong financial footing allows us to invest through the cycle, upgrade our printing capabilities, and pursue acquisition opportunities in publishing at reasonable price points. The operational enhancements underway across both segments, supported by greater automation, AI driven tools, and disciplined cost structures, will further strengthen our competitiveness. As market pressures gradually give way to improved balance between supply and demand, we believe the Group is well positioned to capture growth and deliver long term value for our shareholders.

FINANCIAL REVIEW

Turnover for the year ended 31 December 2025 was approximately HK\$2,407.2 million and represented a decrease of 9.8% from previous corresponding year (2024: HK\$2,668.6 million). Turnover from the printing segment dropped by 10.2% due to weakened demand in the global book market, particularly in the US, attributed to tariff-related uncertainties. Turnover from the publishing segment declined by 9.0%, driven by the downturn in the global illustrative book market.

The overall gross profit margin in 2025 remained broadly stable compared with previous year. Margin in the printing segment improved, primarily due to lower material costs and enhanced operational efficiency. This positive impact was offset by a reduced margin in the publishing segment, which was affected by higher book development costs incurred.

Other income increased to approximately HK\$63.5 million for the year ended 31 December 2025, as compared to approximately HK\$58.6 million for the previous year. The increase was primarily caused by an increase in exchange gain of HK\$14.1 million, driven by the appreciation of foreign currency-denominated assets and receipts. This was partially offset by the decrease in interest income resulted from lower bank deposit rates.

Selling and distribution costs decreased from approximately HK\$377.5 million for the year ended 31 December 2024 to approximately HK\$371.2 million in 2025. Selling and distribution costs against sales increased from 14.1% to 15.4%. The increase was attributed to the higher staff costs ratio against decreased sales for the year, as well as a higher warehouse fulfillment and title marketing expenses in the publishing segment.

Administrative expenses decreased to approximately HK\$214.2 million for the year ended 31 December 2025, compared with HK\$231.5 million in 2024. The reduction was mainly attributable to stringent cost control measures implemented in the publishing segment, including a strategic reset that reduced management-level and administrative staff expenses, alternative supplier sourcing that lowered insurance and postage costs, and the adoption of in-house developed title management system that lessened external system service fees. In addition, higher legal and professional fees were incurred in 2024 in connection with corporate projects on de-listing, tender offer and share repurchase of The Quarto Group, Inc.

Reversal of impairment of trade receivables of approximately HK\$4.9 million was recognized for the year ended 31 December 2025, as compared to a reversal of HK\$0.7 million in 2024. This was due to a decrease in overall exposure in credit risk following gradual recovery of slow payment customers.

Finance costs decreased from approximately HK\$25.4 million in 2024 to approximately HK\$13.7 million in 2025. The decrease was attributed to the gradual repayment of bank borrowings and the decrease in interest rates during the year.

Income tax expenses decreased to HK\$51.4 million for the year ended 31 December 2025 (2024: HK\$61.6 million), being in line with the decrease in profit for the year.

Profit attributable to owners of the Company amounted to approximately HK\$187.7 million for the year ended 31 December 2025, compared with approximately HK\$214.4 million for the year ended 31 December 2024.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2025, the Group had net current assets of approximately HK\$1,032.0 million (2024: HK\$947.7 million) of which the cash and cash equivalents were approximately HK\$590.1 million (2024: HK\$500.5 million). The Group's current ratio was approximately 2.7 (2024: 2.3).

Total bank borrowings and lease liabilities as at 31 December 2025 were approximately HK\$213.2 million (2024: HK\$299.4 million). Bank borrowings of HK\$37.7 million were denominated in Hong Kong dollars and HK\$11.6 million was denominated in US dollars. All bank borrowings were carried at floating rates repayable within two years. The Group's gearing ratio as at 31 December 2025 was 11.2% (31 December 2024: 17.2%), which is calculated on the basis of the Group's total interest-bearing debts (comprising bank borrowings and lease liabilities) over the total equity interest.

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

FOREIGN CURRENCY MANAGEMENT

The Group's sales were denominated in a mixture of currencies, primarily US dollars, Australian dollars, Euros and Pound Sterling. In addition, the Group's costs and expenses are mainly denominated in US dollars, Australian dollars, Pound Sterling, Hong Kong dollars and Renminbi. From time to time the Group enters into foreign currency exchange contracts to hedge its currency risk.

CAPITAL EXPENDITURE

During the year, the Group had acquired property, plant and equipment at approximately HK\$72.4 million. The purchase is mainly financed by internal resources. The carrying amount of right-of-use assets as at 31 December 2025 was approximately HK\$150.2 million.

PLEDGE OF ASSETS

As at 31 December 2025, the Group had pledged deposit of approximately HK\$0.2 million (2024: HK\$0.2 million) as a security for the banking guarantee facilities of a subsidiary.

CONTINGENT LIABILITIES

As at 31 December 2025, the Group had no material contingent liabilities.

EMPLOYEES AND EMOLUMENT POLICY

As at 31 December 2025, the Group had around 1,803 full-time employees (2024: 1,817). The pay scale of the Group's employees is maintained at a competitive level and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system. Other employees benefits include share award, provident fund, insurance and medical cover.



MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS _____

The Board has resolved to declare the payment of a second interim dividend of HK\$0.09 (the “Second Interim Dividend”) per share for the year ended 31 December 2025 to holders of ordinary shares whose names appear on the register of holders of ordinary shares of the Company as at the close of business on 17 April 2026.

The register of members will be closed on 17 April 2026 and no transfer of shares will be registered on such day. To qualify for the Second Interim Dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, whose share registration public offices are located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 16 April 2026. The Second Interim Dividend is expected to be paid and dispatched on 30 April 2026.

PURCHASE, SALE OR REDEMPTION OF SHARES _____

During the year ended 31 December 2025, the trustee of share award scheme of the Company sold an aggregate of 1,000,000 shares of the Company at approximately HK\$1,396,000. Save as above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities for the year.

CODE ON CORPORATE GOVERNANCE PRACTICES _____

In the opinion of the Board, the Company has complied with the Corporate Governance Code contained in Appendix C1 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “Listing Rules”) during the year.

AUDIT COMMITTEE _____

The audit committee has four members comprising the four independent non-executive directors, namely, Mr. Ho Tai Wai, David, Prof. Lee Hau Leung, Mr. Ng Siu On and Ms. Ng Cheuk Hei, Shirley with terms of reference in compliance with the Listing Rules. The audit committee has reviewed the audited financial results of the Group for the year ended 31 December 2025.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

EXECUTIVE DIRECTORS



MR. LAU CHUK KIN

Mr. Lau Chuk Kin, aged 73, was appointed as an executive Director in 2011. He was also appointed as Chairman of the Company in May 2023. Mr. Lau has been responsible for the overall strategic formulation and management of the Group. Mr. Lau is an executive director of Left Field Printing Group Limited, a subsidiary of the Company whose shares are listed on the Stock Exchange of Hong Kong Limited. Mr. Lau obtained a Bachelor of Arts degree from the University of Minnesota in the United States and a Master of Business Administration degree from the Chinese University of Hong Kong. Mr. Lau is the compliance officer of the Group. He has over 30 years of experience in printing business. He is a director of ER2 Holdings Limited and City Apex Ltd., substantial shareholders of the Company. He is a shareholder of ER2 Holdings Limited.



MR. WONG SAI YEUNG, COLIN

Mr. Wong Sai Yeung, Colin, aged 46, was appointed as an executive Director in January 2026. Mr. Wong joined the Group on 1 August 2025 and is the Chief Operating Officer and Chief Financial Officer of the Group. Mr. Wong is a qualified Chartered Accountant and senior executive with over 24 years of experience in financial and business management, financial advisory, corporate finance, audit and accounting in Hong Kong and Canada. Prior to joining the Group, he served as the Finance Director of Citybus Limited, a leading franchised bus operator in Hong Kong. Mr. Wong also held senior executive positions at various corporations based in Hong Kong and Canada. He also worked at PricewaterhouseCoopers Hong Kong and Deloitte Canada in transaction and assurance services. Mr. Wong is a member of the Chartered Professional Accountants of Canada and a Fellow of the Hong Kong Institute of Certified Public Accountants. He obtained a Bachelor's degree in Commerce from the University of British Columbia in Canada.



DIRECTORS AND SENIOR MANAGEMENT PROFILE

NON-EXECUTIVE DIRECTORS



MR. LI HOI, DAVID

Mr. Li Hoi, David, aged 68, was appointed as an executive Director in 2013 and re-designated to non-executive Director in 2017. Before Mr. Li's re-designation to non-executive role, he was the Managing Director of Oceanic Graphic International Inc. ("OGI"), a subsidiary of the Group and was responsible for the overall management of OGI. Mr. Li is the founder of a print management company in the United States. Mr. Li has over 30 years of experience in publishing and printing industries and has held different positions in several publishing and printing companies in the United Kingdom, United States and Hong Kong. Mr. Li received a diploma from London College of Printing (currently known as London College of Communication) and a diploma from the British Printing Industries Federation.



MR. GUO JUNSHENG

Mr. Guo Junsheng, aged 36, was appointed as a non-executive Director in 2016. Mr. Guo holds a Bachelor of marketing degree from the Guangzhou University. He is also a founding and controlling shareholder of an art and cultural development company, a trading company and an information technology company in China. He also has extensive experience in a non-profit charitable organization in Guangdong.



MR. WAN SIU KAU

Mr. Wan Siu Kau, aged 74, was appointed as a non-executive Director in February 2026. Mr. Wan holds a Master Degree of Business Administration from The Chinese University of Hong Kong and a Bachelor Degree in Business Administration and Accounting from The University of Hong Kong. He started his executive search career in 1988 and was previously Managing Partner and Vice Chairman of Amrop Hever, a global executive search firm. Prior to this, he was the managing director of Norman Broadbent's Hong Kong and China offices and was among the first generation of recruiters to establish a search practice in China. Earlier, he worked for Bank of America and Banque Nationale de Paris on both the human resources and business side. Mr. Wan is a director and a shareholder of ER2 Holdings Limited, a substantial shareholder of the Company. He is an independent non-executive director of Wai Kee Holdings Limited, a company listed on The Stock Exchange of Hong Kong Limited. Mr. Wan is the father of Mr. Wan Hon Man, Victor, the strategic planning director of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

**PROF. LEE HAU LEUNG**

Prof. Lee Hau Leung, aged 73, was appointed as an independent non-executive Director of the Company in 2011 and has become the Lead Independent Non-executive Director of the Company since May 2023. He is the Thoma Professor Emeritus of Operations, Information and Technology at the Graduate School of Business at Stanford University. Prof. Lee was elected to the National Academy of Engineering in 2010, and is a Fellow of the Manufacturing and Service Operations Management Society in 2001, a Fellow of the Institute for Operations Research and the Management Sciences in 2005, and a Fellow of the Production and Operations Management Society in 2005. Prof. Lee obtained his Bachelor of Social Science degree from the University of Hong Kong, his Master of Science degree in Operational Research from the London School of Economics and Political Science, University of London, and his Master of Science and Doctorate degree from the University of Pennsylvania.

**MR. HO TAI WAI, DAVID**

Mr. Ho Tai Wai, David, aged 77, was appointed as an independent non-executive Director in December 2022. Mr. Ho obtained a Master of Business Administration Degree from The Chinese University of Hong Kong. He is a fellow member of the Association of Chartered Certified Accountants, The Hong Kong Institute of Certified Public Accountants and CPA Australia. Mr. Ho has over 40 years of experience in finance and accounting and held management positions in various companies prior to his retirement in 2007. Mr. Ho is an independent non-executive director of Left Field Printing Group Limited, a subsidiary of the Company, Build King Holdings Limited and Road King Infrastructure Limited. All these companies were listed on The Stock Exchange of Hong Kong Limited.

**MR. NG SIU ON**

Mr. Ng Siu On, aged 72, was appointed as an independent non-executive Director in February 2024. Mr. Ng holds a Bachelor of Business Administration (BBA) and a Master of Business Administration (MBA) from The Chinese University of Hong Kong in 1977 and 1984, respectively. He joined HSBC in 1978 as a management trainee and worked his way up through various positions in retail banking, corporate banking, international trade, and branch management roles in Hong Kong, Mainland China, and Canada. He was the Head of Corporate for Commercial Banking in Hong Kong, responsible for serving Hong Kong Commercial Banking's corporate clients in all facets of corporate banking, international trade, and cross-border businesses. In 2013, he was seconded to Bank of Communications (BOCOM) in Shanghai, where he served as HSBC-BOCOM Strategic Cooperation Advisor and BOCOM Senior Management Team Member. He retired from HSBC in 2023.



DIRECTORS AND SENIOR MANAGEMENT PROFILE

INDEPENDENT NON-EXECUTIVE DIRECTORS



MS. NG CHEUK HEI, SHIRLEY

Ms. Ng Cheuk Hei, Shirley, aged 56, was appointed as an independent non-executive Director in October 2025. Ms. Ng holds a Doctorate Degree in Management from Shanghai University of Finance and Economics, a Master Degree in Chinese Law from Renmin University of China, a Master Degree in Management with major in Marketing Management from Macquarie University (Sydney, Australia) and a Bachelor Degree in Business (International Trade) from Monash University (Melbourne, Australia). She has over 25 years of experience in the fintech digital economy and IT industry, and has extensive knowledge in business and marketing management, product marketing, product development and consulting experience in digital payment solution, IT and telecommunication and system integration solution. Ms. Ng was previously the vice president (strategic solutions and marketing) of Global Payments Inc. from 2016 to 2018. From 2013 to 2016, Ms. Ng was the managing director (Asia Pacific) of GeoSwift Payment Technology Limited. Prior to the aforesaid, Ms. Ng held various senior management positions in a number of large multinational companies. Ms. Ng is an independent non-executive director of Build King Holdings Limited, a company listed on The Stock Exchange of Hong Kong Limited.

EMERITUS CHAIRMAN



MR. YEUNG KA SING, GBS MBE JP

Mr. Yeung Ka Sing, GBS MBE JP aged 84, retired from independent non-executive Director and Chairman of the Company in May 2023 since his appointment of the roles from 2011. He is now the Emeritus Chairman of the Company. Mr. Yeung has been active in public and community services for over 30 years. Notably, he was chairman of the Hong Kong Housing Society, Standing Commission on Civil Service Salaries and Condition of Service, Community Investment and Inclusion Fund Committee. He was also a member of the Transport Advisory Committee, member of the City University Council, member of the Employers' Federation and council member of the Hong Kong Management Association.

Mr. Yeung was awarded the Gold Bauhinia Star by the Hong Kong Special Administrative Region in 2012. He was also awarded the Honorary Fellow of the City University of Hong Kong in 2014 and the Honorary Fellowship of The HKU School of Professional and Continuing Education in 2021.

Prior to his retirement in 2006, he was the Head of Corporate Human Resources of the Hong Kong and China Gas Company Limited.



DIRECTORS AND SENIOR MANAGEMENT PROFILE

SENIOR MANAGEMENT

MR. GEORGE TAI

Mr. George Tai, aged 76, is the managing director and minority shareholder of Regent Publishing Services Limited ("Regent"). He founded Regent, a subsidiary acquired by the Group in 2017, in 1985 and has been responsible for the overall management of Regent since its incorporation. Mr. Tai has been in the printing industry since 1973 and started his career in printing with Dai Nippon Printing Company and Hong Kong Scanner Craft Limited.

MR. RICHARD F. CELARC

Mr. Richard F. Celarc, aged 69, is the chairman and executive director of Left Field Printing Group Limited ("Left Field"), a subsidiary of the Company whose shares are listed on the Stock Exchange of Hong Kong Limited. He is responsible for the overall strategic planning and management of Left Field Group. Mr. Celarc has more than 45 years of experience in the printing business in Australia. He co-founded Ligare Pty Ltd, a subsidiary of the Company, and grew the business into the largest specialist book printer in New South Wales.

MS. STEPHANIE CHU

Ms. Stephanie Chu, aged 44, was appointed as Managing Director of APOL on 1 January 2026. She served as General Manager in APOL since December 2015, during which time she focused on translating strategic goals into measurable results. In her current role, Ms. Chu is committed to leading the company through forward thinking strategies and preparing the business for sustainable long term growth. Ms Chu holds a Bachelor of Science degree in Forensic Science from The University of Kent (2004) and an Executive Master of Business Administration (EMBA) from The Chinese University of Hong Kong (2025).

MR. TONG WING WAI

Mr. Tong Wing Wai, aged 51, is the managing director (sales and operations) of 1010 Printing. He joined the Group in 2011. Mr. Tong oversees the sales, marketing, and operations of 1010 Printing and Papercraft, the Group's print manufacturing business operation in China, Singapore and Malaysia. He obtained a Master of Business Administration from the University of Adelaide and a bachelor's degree in Mechanical and Automation Engineering from the Chinese University of Hong Kong.

SENIOR MANAGEMENT

MR. LAM WING YIP

Mr. Lam Wing Yip, aged 52, is the chief technology officer of the Group. Mr. Lam is responsible for the design and implementation of information technology strategies that align with the Group's business goals. He has over 20 years of experience in information technology field. Prior to joining the Group in 2011, he worked in several multinational corporations. Mr. Lam obtained a Bachelor of Science degree from the Chinese University of Hong Kong.

MS. TAN LAI MING

Ms. Tan Lai Ming, aged 48, is the company secretary and financial controller of the Group. Ms. Tan obtained a bachelor's degree in accountancy from the City University of Hong Kong and has been a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. She is responsible for the company secretarial and finance functions of the Group. She worked at Deloitte Touche Tohmatsu for over 7 years before joining the Group in 2011.

MR. SU LEIGANG

Mr. Su Leigang, aged 49, is the vice president of supply chain of the Group. He obtained a Master's degree in information system from the University of Southampton, United Kingdom and a bachelor's degree in industrial automation (computer control) from China Textile University (currently known as Donghua University), Shanghai, the PRC. Mr. Su has over 10 years of experience in the information technology field. Prior to joining the Group in 2007, he worked as IT manager for 5 years at a company listed on the Shanghai Stock Exchange.

MS. TANG TSZ YING

Ms. Tang Tsz Ying, aged 41, is an executive director and company secretary of Left Field Printing Group Limited ("Left Field"). She is responsible for overseeing the finance and company secretarial function of Left Field Group. Ms. Tang obtained a Bachelor's degree in Business Administration in Accountancy from the Hong Kong Polytechnic University. She is a member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in Australia. Ms. Tang joined OPUS Group Pty. Ltd. (Formerly known as OPUS Group Limited), a subsidiary of the Company in 2016. She worked in Ernst and Young, both Hong Kong office and Sydney office, for over 7 years.



DIRECTORS AND SENIOR MANAGEMENT PROFILE

SENIOR MANAGEMENT

MR. WAN HON MAN, VICTOR

Mr. Wan Hon Man, Victor, aged 45, is the strategic planning director of the Group. Mr. Wan has over 16 years of experience in the technology field. Prior to joining the Group in 2019, he was the founder and managing director of an e-commerce business. He served in various leadership roles at a Fortune 500 technology firm for over a decade in the areas of corporate strategy, alliance management and business development. Mr. Wan obtained his bachelor's and master's degrees in Science and Engineering from the University of Pennsylvania and a master's degree of Business Administration from INSEAD.

MS. LEUNG PUI KEI

Ms. Leung Pui Kei, aged 57, is the Head of Strategic HR of the Group. She is responsible for the Group's human capital strategy, including organisational design, executive talent acquisition, and professional development. Ms. Leung has over 25 years of experience in human resources management. Prior to joining the Group, she held various senior HR positions at a premier UK independent school as well as a global FMCG multinationals. Ms. Leung holds a Bachelor of Arts (Hons) in Business Studies from the City University of Hong Kong.

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements of the Company and the Group for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and provides corporate management services. The activities of its principal subsidiaries are set out in note 35 to the financial statements.

BUSINESS REVIEW

A review of the Group's business during the year and analysis of the Group's performance using financial key performance indicators and prospects of the Group's business is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" on pages 003 to 010 respectively of this Annual Report.

PRINCIPAL RISK AND UNCERTAINTIES

Macro-economic and political conditions

The Group's principal business is engaged in the provision of printing services to international book publishers, trade, professional and educational publishing conglomerates and print media companies and book publishing. The principal printing facilities are located in Mainland China, Australia and Malaysia. The Group's long term profitability and business growth are affected by the volatility and uncertainty of macro-economic conditions, and uncertain economic outlook and political conditions of Hong Kong, Mainland China, Australia, US, UK, Eurozone and South American countries. During the period of economic uncertainty, consumer consumption might be scaled back.

Digitalisation of information

With increased digitalisation of information, both the supply of and demand for electronic information will impact the demand for printed material and media. As consumer preferences and trends shift towards electronic media and platforms and the popularity and sales of products such as e-book readers and electronic tablet devices increase, the Group's customers may decide to transfer or increase distribution of their content on digital mediums and reduce the usage of print media, which may affect the business and financial performance of the Group.

Technological developments in the printing industry

Revolutionary changes in technology, mainly in the pre-press and press areas will happen in the coming years, ushered in by the launch of a series of digital printing presses using nanotechnology developed ink. Digital printing technology will be a future trend of printing for providing a shorter run and rapid stock replenishment capabilities, which will reduce warehouse inventory and free up capital.

Cyber Security risk

Cyber-attacks increased rapidly across every industry. The management of cyber security and information risk is mandatory to prevent exploit to cyber criminals from new virus, malware and hacking tools spreading through the internet, email and social media network. The impact has caused the Group to use up more resources to implement measures and controls to protect our critical IT systems and data. Cyber-attack could result in the loss of income and asset from inability to operate, failure to complete customer orders or business deals, reduction in productivity, staff downtime and the cost of attempting to recover lost information, equipment or data.

Financial risks

Details of financial risks are set out in note 37 to the consolidated financial statements.



DIRECTORS' REPORT

RELATIONSHIP WITH STAKEHOLDERS

The Group is committed to operate in a sustainable manner while balancing the interests of its various stakeholders including customers, suppliers and employees. This includes providing quality services to customers, developing effective and mutual beneficial working relationships with its suppliers, and offering competitive remuneration package with safety working environments to employees.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to environmental-friendly development as a part of social responsibility. The Group achieves this through rational resources utilisation and compliance with applicable environmental laws and practices of environmental protection, seeking to contribute to the improvement of ecological environment and sustainable development. The Group continues to improve the environmental performance as an integral and fundamental part of the business strategy and operating methods.

COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

The Group has operations in different overseas countries carried by the Company's subsidiaries. The Group accordingly shall comply with relevant laws and regulations in these countries and the respective places of incorporation of the Company and its subsidiaries.

During the year and up to the date of this report, the Board was unaware of any non-compliance with relevant laws and regulations that have a significant impact on the business and operations of the Group.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss and other comprehensive income on page 042.

DIVIDEND

During the year, the Directors have declared a first interim dividend of HK\$0.03 (2024: first interim dividend of HK\$0.03 and first special dividend of HK\$0.015) per share totaling HK\$23,100,000 (2024: interim dividend HK\$23,100,000 and special dividend HK\$11,550,000) which were paid on 24 September 2025.

On 30 March 2026, the Directors resolved to declare a second interim dividend of HK\$0.09 per share ("Second Interim dividend") (2024: second interim dividend HK\$0.08 and second special dividend of HK\$0.02) per share for the year ended 31 December 2025. The Second Interim Dividend will be payable on 30 April 2026.

The Directors do not recommend a final dividend (2024: nil) for the year ended 31 December 2025.

RESERVES

Details of movements in the reserves of the Group and the reserves of the Company during the year are set out in the consolidated statement of changes in equity on pages 045 to 046 and note 29 to the financial statements respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company's reserves available for distribution to the shareholders of the Company amounted to approximately HK\$386 million.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 123 of the annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 15 to the financial statements.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 27 to the financial statements.

DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

EXECUTIVE DIRECTORS

Mr. Lau Chuk Kin
 Mr. Wong Sai Yeung, Colin (appointed on 1 January 2026)
 Ms. Lam Mei Lan (retired on 31 December 2025)

NON-EXECUTIVE DIRECTORS

Mr. Li Hoi, David
 Mr. Guo Junsheng
 Mr. Wan Siu Kau (appointed on 27 February 2026)
 Mr. Chu Chun Wan (redesignated from executive director on 13 September 2025 and retired on 31 December 2025)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Prof. Lee Hau Leung
 Mr. Ho Tai Wai, David
 Mr. Ng Siu On
 Ms. Ng Cheuk Hei, Shirley (appointed on 15 October 2025)

In accordance with No. 83(2) and No. 84 of the Company's bye-laws, Mr. Wong Sai Yeung, Colin, Mr. Wan Siu Kau, Mr. Ho Tai Wai, David and Ms. Ng Cheuk Hei, Shirley will retire at the forthcoming annual general meeting, and being eligible, offer themselves for re-election.

Ms. Ng Cheuk Hei, Shirley has obtained legal advice referred to in Rule 3.09D of the Listing Rules and has confirmed that she understood her obligations as a director of the Company on 1 October 2025. Mr. Wong Sai Yeung, Colin has obtained legal advice referred to in Rule 3.09D of the Listing Rules and has confirmed that he understood his obligations as a director of the Company on 16 December 2025. Mr. Wan Siu Kau has obtained legal advice referred to in Rule 3.09D of the Listing Rules and has confirmed that he understood his obligations as a director of the Company on 22 February 2026.

DIRECTORS' SERVICES CONTRACT

Mr. Wong Sai Yeung, Colin has entered into a service contract with the Company for a term of three years ending on 31 December 2028, and shall be automatically renewed for a further term of one year each commencing from the expiry date of the initial term or subsequent renewal term.

Each of Mr. Li Hoi, David and Mr. Guo Junsheng has entered into a letter of appointment with the Company for his role as non-executive director for a term of two years ending on 31 December 2026, subject to termination by either party giving not less than three months' prior written notice to the other. Mr. Chu Chun Wan had entered into a letter of appointment with the Company for his role as non-executive director for the period from 13 September 2025 and ending on 31 December 2026 and had been terminated on 31 December 2025 following his retirement from the non-executive role. Mr. Wan Siu Kau has entered into a letter of appointment with the Company for his role as non-executive director for a term from 27 February 2026 to 31 December 2026, subject to termination by either party giving not less than three months' prior written notice to the other.

Each of the independent non-executive directors has entered into a letter of appointment with the Company for a term of two years ending on 31 December 2026, except Ms. Ng Cheuk Hei, Shirley's letter of appointment being entered for the period from 15 October 2025 to 31 December 2026. The letter of appointment of independent non-executive directors is subject to termination by either party giving not less than three months' prior written notice to the other.

All the Directors are subject to retirement by rotation and re-election in accordance with the Company's bye-laws.

None of the directors being proposed for re-election at the forthcoming annual general meeting has any service contract 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.

DIRECTORS' REPORT

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Connected Transactions and Continuing Connected Transactions" and note 34 to the consolidated financial statements contained in this annual report, no transactions, arrangements or contracts of significance to which the Company, its holding company, fellow subsidiaries or subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As at 31 December 2025, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any associated corporations, within the meaning of Part XV the Securities and Futures Ordinance (the "SFO"), as recorded in the register maintained by the Company required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

(a) Long Position in the shares of the Company (the "Shares")

| Name of Directors | Personal Interests | Family Interests | Corporate Interests | Total Interests | Percentage to the issued share capital of the Company |
|---------------------------|--------------------|------------------|---------------------|-----------------|---|
| | (Shares) | (Shares) | (Shares) | (Shares) | (%) |
| Mr. Lau Chuk Kin (Note 1) | 103,681,297 | Nil | 258,135,326 | 361,816,623 | 46.99 |
| Ms. Lam Mei Lan | 12,708,688 | Nil | Nil | 12,708,688 | 1.65 |
| Mr. Chu Chun Wan | 200,000 | Nil | Nil | 200,000 | 0.03 |
| Mr. Li Hoi David | 200,000 | Nil | Nil | 200,000 | 0.03 |
| Mr. Guo Junsheng (Note 2) | 200,000 | Nil | 249,804 | 449,804 | 0.06 |
| Prof. Lee Hau Leung | 400,000 | Nil | Nil | 400,000 | 0.05 |
| Mr. Ho Tai Wai, David | 200,000 | Nil | Nil | 200,000 | 0.03 |

(b) Long Position in the shares of Left Field Printing Group Limited ("Left Field"), an associated corporation of the Company

| Name of Directors | Personal Interests | Family Interests | Corporate Interests | Total Interests | Percentage to the issued share capital of Left Field |
|---------------------------|--------------------|------------------|---------------------|-----------------|--|
| | (Shares) | (Shares) | (Shares) | (Shares) | (%) |
| Mr. Lau Chuk Kin (Note 3) | 20,634,836 | Nil | 323,738,411 | 344,373,247 | 69.06 |
| Ms. Lam Mei Lan | 1,035,543 | Nil | Nil | 1,035,543 | 0.21 |

(c) Long Position in the underlying shares of the Company under the share award scheme

| Name of Director | Number of shares | | | | |
|-----------------------|-------------------------|-------------------------|------------------------|----------------------------------|---------------------------|
| | Outstanding at 1.1.2025 | Granted during the year | Vested during the year | Cancelled/lapsed during the year | Outstanding at 31.12.2025 |
| Ms. Lam Mei Lan | 2,560,000 | – | (2,560,000) | – | – |
| Prof. Lee Hau Leung | 200,000 | – | (200,000) | – | – |
| Mr. Ho Tai Wai, David | 200,000 | – | (200,000) | – | – |

Notes:

- 258,135,326 shares are beneficially owned by City Apex Ltd.. As at 31 December 2025, Mr. Lau Chuk Kin owned 69.76% of the issued share capital of ER2 Holdings Limited, the ultimate holding company of City Apex Ltd., and accordingly, Mr. Lau is deemed to be interested in the said shares pursuant to Part XV of the Securities and Futures Ordinance.
- The 249,804 corporate interest shares are beneficially owned by Dragon Might Global Limited ("Dragon Might"). As at 31 December 2025, Dragon Might is 100% directly owned by Mr. Guo Junsheng and therefore Mr. Guo is deemed to be interested in the said shares.
- Of 323,738,411 shares, 16,133,457 shares and 307,604,954 shares are beneficially owned by City Apex Ltd. and Bookbuilders BVI Ltd respectively. As at 31 December 2025, Bookbuilders BVI Ltd is an indirect wholly-owned subsidiary of the Company. As stated under note 1 above, Mr. Lau is deemed to be interested in 46.99% issued share capital of the Company. Accordingly, Mr. Lau is deemed to be interested in the said shares.

Save as disclosed above, as at 31 December 2025, to the knowledge of the Company, none of the Directors or chief executive of the Company had or was deemed to have any interests of short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be maintained under section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE-BASED EMPLOYEE COMPENSATION

Details of the share-based employee compensation schemes of the Company are set out in note 28 to the financial statements.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year and at the end of the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the Directors, chief executive or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.



DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2025, the following persons, other than a Director or chief executive of the Company, had interests or short positions in the shares or underlying shares of the Company, being 5% or more in the issued share capital of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

| Name of shareholder | Nature of interest | | | Percentage to the issued share capital of the Company |
|---|--------------------|------------------------------------|-----------------|---|
| | Beneficial Owner | Interest in controlled corporation | Total Interests | |
| | (Shares) | (Shares) | (Shares) | (%) |
| ER2 Holdings Limited (Note 1) | Nil | 258,135,326 | 258,135,326 | 33.52 |
| City Apex Ltd. (Note 1) | 258,135,326 | Nil | 258,135,326 | 33.52 |
| Mr. Webb David Michael (passed away on 13 January 2026) and Mrs. Webb Karen Anne (Note 2) | Nil | 77,648,976 | 77,648,976 | 10.08 |
| Mr. Chang Mun Kee (Note 3) | 10,067,583 | 51,413,030 | 61,480,613 | 7.98 |
| JcbNext Berhad (Note 3) | 51,413,030 | Nil | 51,413,030 | 6.68 |
| Preferable Situation Assets Limited (Note 2) | 45,407,408 | Nil | 45,407,408 | 5.90 |

Note:

- 258,135,326 shares are beneficially owned by City Apex Ltd. ER2 Holdings is the ultimate holding company of City Apex Ltd.. Accordingly, ER2 Holdings is deemed to be interested in the said shares pursuant to Part XV of the Securities and Futures Ordinance.
- According to the record kept by the Company, as at 31 December 2025, Mr. Webb and Mrs. Webb were deemed to be interested in 77,648,976 shares pursuant to Part XV of the SFO. Of 77,648,976 shares, 45,407,408 shares and 32,241,568 shares were beneficially held by Preferable Situation Assets Limited and Member One Limited respectively. Both Preferable Situation Assets Limited and Member One Limited were 100% directly owned by Mr. Webb and Mrs. Webb.
- According to the record kept by the Company, as at 31 December 2025, Mr. Chang Mun Kee is interested in 59.3% of the shares in JcbNext Berhad. Therefore, Mr. Chang is deemed to be interested in the said shares held by JcbNext Berhad.

Save as disclosed above, as at 31 December 2025, the Company had not been notified of any other person (other than a Director or chief executive of the Company) who had an interest or short position in the shares, underlying shares or debentures of the Company and was required to be recorded in the register required to be kept by the Company under Section 336 of the SFO.

MAJOR SUPPLIERS AND CUSTOMERS

The top five suppliers in aggregate and the single largest supplier of the Group accounted for approximately 35% and 8% of the Group's total purchases for the year ended 31 December 2025 respectively.

The top five customers in aggregate and the single largest customer of the Group accounted for approximately 30% and 9% of the Group's total sales for the year ended 31 December 2025 respectively.

Save as disclosed above, at no time during the year did a director, an associate of a Director, within the meaning of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules"), or a shareholder of the Company which to the knowledge of the Directors owns more than 5% of the Company's share capital have any interest in the Group's five largest suppliers and five largest customers.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's bye-laws and there was no restriction against such rights under the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision as defined in the Hong Kong Companies Ordinance for the benefit of the Directors is currently in force and was in force throughout this year. The Company has maintained Directors' liabilities insurance which provides appropriate cover for the Directors.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 December 2025, the trustee of share award scheme of the Company sold an aggregate of 1,000,000 shares of the Company at approximately HK\$1,396,000. Save as above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the year.

COMPETING INTERESTS

None of the directors of the Company or any of their respective associates (as defined in the Listing Rules) has any business or interest that competes or may compete with the business of the Group.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

Other than disclosed in the section headed "Connected Transactions and Continuing Connected Transactions" and note 34 to the consolidated financial statements contained in this annual report, no contract of significance was entered into between the Company or any of its subsidiaries and the Controlling Shareholders or any of its subsidiaries during the year ended 31 December 2025 or subsisted at the end of the year and no 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 was entered into during the year ended 31 December 2025 or subsisted at the end of the year.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year, the Group entered into the following non-exempt continuing connected transactions which were subject to announcement, disclosure and annual review and reporting requirements but were exempt from circular (including independent financial advice and shareholders' approval requirements) pursuant to Chapter 14A of the Listing Rules.



DIRECTORS' REPORT

Framework Agreement with Giunti

On 27 February 2024, the Company entered into a framework agreement (the "Framework Agreement") with Giunti Editore S.p.A. ("Giunti"), a company with Mr. Andrea Giunti Lombardo as the deemed controlling shareholder. As at 31 December 2025, Mr. Andrea Giunti Lombardo is a non-executive director and being deemed to be interested in 30.2% of The Quarto Group, Inc., the Company's non-wholly owned subsidiary. Pursuant to the Framework Agreement, the Company and Giunti agreed that (a) the Group grants to/receives from Giunti license rights to publish and sell book titles for a specific period of time ("Royalties Transaction"); (b) the Group sells finished copies of

book titles to Giunti ("Books Transaction"); and (c) the Group provides printing services to Giunti ("Printing Transaction") in accordance with the terms and conditions of the Framework Agreement. The term of the Framework Agreement was from 27 February 2024 to 31 December 2026. The transaction Fee shall be determined by the parties from time to time and specified in the relevant licence/purchase agreement or purchase order for each Transaction on arm's length basis, normal commercial terms and on terms not less favourable to the Group than terms of similar transactions between the Group and independent third parties.

The annual cap (as revised on 27 October 2025) and the aggregate amount paid and received by the Group in respect of the Transactions for the year ended 31 December 2025 are set out below:

| Transaction | Annual Cap | Aggregate amount for the year ended 31 December 2025 |
|---|------------|--|
| | HK\$'000 | HK\$'000 |
| Royalties Transaction Fee paid/payable | 400 | 23 |
| Royalties Transaction Fee received/receivable | 100 | 5 |
| Books Transaction Fee received/receivable | 9,500 | 5,435 |
| Printing Transaction Fee received/receivable | 30,000 | 18,573 |
| Total amount | 40,000 | 24,036 |

The independent non-executive Directors have reviewed the continuing connected transaction above and confirmed that this transaction has been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

BDO Limited, the auditor of the Company, was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Company has received an unqualified letter from BDO Limited containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Main Board Listing Rule 14A.56.

SUFFICIENCY OF PUBLIC FLOAT _____

Based on the information that is publicly available to the Company and within the knowledge of its Directors, the Directors confirm that the Company has maintained throughout the year ended 31 December 2025, the amount of public float as required under the Listing Rules.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR _____

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

CORPORATE GOVERNANCE _____

A report on the principle corporate governance practices adopted by the Company is set out on pages 028 to 036 of the annual report.

EMPLOYEES AND EMOLUMENT POLICY _____

As at 31 December 2025, the Group had around 1,803 full-time employees (2024: 1,817). The pay scale of the Group's employees is maintained at a competitive level and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system. Other employees benefits include provident fund, insurance and medical cover, share option scheme and share award scheme.

AUDITOR _____

A resolution will be proposed at the forthcoming annual general meeting to re-appoint BDO Limited as auditor of the Company.

On behalf of the Board



Lau Chuk Kin

Chairman

Hong Kong, 30 March 2026



CORPORATE GOVERNANCE REPORT

The Group has adopted practices which meet the Corporate Governance Code during the year (the “Code”) as set out in Appendix C1 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The report describes its corporate governance practices, explains the applications of the principles of the Code and deviations, if any.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with the required standard as set out in the Model Code regarding securities transactions by the Directors throughout the year ended 31 December 2025.

BOARD OF DIRECTORS

As at 31 December 2025, the Board comprises nine Directors, of whom two are executive Directors, three are non-executive Directors and four are independent non-executive Directors. The Board has in its composition a balance of skills and experience necessary for decision making and fulfilling its business needs. The participation of non-executive Directors in the Board brings independent judgement on issues relating to the Group’s strategy, performance, conflicts of interest and management process to ensure that the interests of all shareholders of the Company have been duly considered.

Mr. Wong Sai Yeung, Colin has entered into a service contract with the Company for a term of three years ending on 31 December 2028, and shall be automatically renewed for a further term of one year each commencing from the expiry date of the initial term or subsequent renewal term.

Each of Mr. Li Hoi, David and Mr. Guo Junsheng has entered into a letter of appointment with the Company for their role as non-executive director for a term of two years ending on 31 December 2026, subject to termination by either party giving not less than three months’ prior written notice to the other. Mr. Chu Chun Wan had entered into a letter of appointment with the Company for his role as non-executive director for the period from 13 September 2025 and ending on 31 December 2026 and had been terminated on 31 December 2025 following his retirement from the non-executive role.

Each of the independent non-executive directors has entered into a letter of appointment with the Company for a term of two years ending on 31 December 2026, except Ms. Ng Cheuk Hei, Shirley’s service contract being entered for the period from 15 October 2025 to 31 December 2026. The service contract of independent non-executive directors is subject to termination by either party giving not less than three months’ prior written notice to the other.

All the Directors are subject to retirement by rotation and re-election in accordance with the Company’s bye-laws.

The Board considers that all of the independent non-executive Directors are independent and has received from each of them the annual confirmation of independence required by the Listing Rules.

The Company had adopted a Board diversity policy aims to set out the approach to achieve the diversity of the Board. As at 31 December 2025, the Company has two female Directors, and the Board will endeavour to maintain female representation on the Board. The Company recognises and embraces the benefits of having a diverse Board (including gender diversity) to enhance the quality of its performance. The Board has in its composition a balance of skills and experience necessary for decision making and fulfilling its business needs. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. The Nomination Committee will follow a range of diversified perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be made upon possible contribution that the selected candidates will bring to the Board.

The Board members for the year ended 31 December 2025 were:

Chairman

Mr. Lau Chuk Kin

Executive Directors

Mr. Lau Chuk Kin

Ms. Lam Mei Lan (retired on 31 December 2025)

Non-executive Directors

Mr. Li Hoi, David

Mr. Guo Junsheng

Mr. Chu Chun Wan (redesignated from executive director on 13 September 2025 and retired on 31 December 2025)

Independent non-executive Directors

Prof. Lee Hau Leung

Mr. Ho Tai Wai, David

Mr. Ng Siu On

Ms. Ng Cheuk Hei, Shirley (appointed on 15 October 2025)

The Board is responsible for the approval and monitoring of the Group's overall strategies and policies; approval of business plans; evaluating the performance of the Group and oversight of management. It is also responsible for promoting the success

of the Company and its businesses by directing and supervising the Company's affairs.

The Board focuses on overall strategies and policies with particular attention paid to the growth and financial performance of the Group.

The Board delegates day-to-day operations of the Group to executive Directors and senior management, while reserving certain key matters for its approval. Decisions of the Board are communicated to the management through executive Directors who have attended Board meetings.

The Company had arranged for appropriate liability insurance for the directors and officers of the Group for indemnifying their liabilities arising from corporate activities.

All Directors have been provided, on a monthly basis, with the Group's management information updates to keep them aware of the Group's affairs and facilitates them to discharge their duties under the relevant requirements of the Listing Rules.

The Board held 4 Board meetings and one annual general meeting ("AGM") in 2025. Details of the attendance of the Board are as follows:

| Directors | Attended/Held | |
|--|---------------|-----|
| | Board meeting | AGM |
| Mr. Lau Chuk Kin | 4/4 | 1/1 |
| Ms. Lam Mei Lan | 3/4 | 1/1 |
| Mr. Chu Chun Wan | 4/4 | 1/1 |
| Mr. Li Hoi, David | 4/4 | 1/1 |
| Mr. Guo Junsheng | 4/4 | 1/1 |
| Prof. Lee Hau Leung | 4/4 | 1/1 |
| Mr. Ho Tai Wai, David | 4/4 | 1/1 |
| Mr. Ng Siu On | 4/4 | 1/1 |
| Ms. Ng Cheuk Hei, Shirley (appointed on 15 October 2025) | 1/1 | N/A |



CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

The Directors acknowledge responsibility for overseeing the preparation of the financial statements for the year ended 31 December 2025.

The Directors' responsibilities in the preparation of the financial statements and the auditors' responsibility are set out in the Independent Auditor's Report.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges that it has overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and maintaining appropriate and effective risk management and internal control systems. The Board oversees management in the design, implementation and monitoring of the risk management and internal control systems. The systems and internal controls can only provide reasonable and not absolute assurance against material misstatement or loss, as they are designed to manage, rather than eliminate the risk of failure to achieve business objectives.

The Group has established an on-going process for identifying, evaluating and managing the significant risks of the Group. Business units are responsible for identifying, assessing and monitoring risks associated with their respective units. The results of evaluation will be reported to management through regular internal meetings. Each year, management prepares the risk assessment report listing the risks identified and management's assessment on the impact to the Group. The Board discusses findings in the risk assessment report and evaluates the effectiveness of the risk management and internal control system in Board meeting.

The Group handles and disseminates inside information with due care. Staff is required to comply with the confidentiality terms inside the staff manual. Only personnel at appropriate level can get reach of price sensitive information.

Appropriate policies and controls have been designed and established to ensure that assets are safeguarded against improper use or disposal, relevant rules and regulations are adhered to and complied with, reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements.

The Group has established a whistle-blowing policy under which it encourages the employees who have concerns about any suspected misconduct or malpractice within the Group to come forward and voice those concerns to the members of the audit committee. Code of conduct to promote and support anti-corruption practices are also set in the staff handbook or inside staff assessable public system.

The Group does not have an internal audit function due to the size of the Group and for cost effectiveness consideration. Instead, a review on the internal control system is done annually by independent qualified accountant. During the year, the independent qualified accountant conducted an annual review to assess the effectiveness of the Group's risk management and internal control systems. The review covered major financial, operational controls in rotation basis and also the risk management functions. No significant deficiency was identified during course of review and the systems were operating effectively and adequately. The internal control report findings and recommendations were discussed with the Audit Committee and Audit Committee reports the findings to the Board. The Board concluded the internal control system of the Group was operated effectively. The Group continues to review the need for an internal audit function annually.

CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

Mr. Lau Chuk Kin is the chairman of the Company. The Chairman's responsibility is to oversee the functioning of the Board and the strategies and policies of the Group. The Company has no specific title named as chief executive officer and the daily operation and management of the Company is monitored by the executive directors.

PROFESSIONAL DEVELOPMENT

Every newly appointed Director will be given an induction training so as to ensure that he/she has appropriate understanding of the Group's business and of his/her duties and responsibilities under the Listing Rules and the relevant statutory and regulatory requirements.

The Company also provides regular updates on the business development of the Group. The Directors are regularly briefed on the latest development regarding the Listing Rules and other applicable statutory requirements to ensure compliance and upkeep of good corporate governance practices. In addition, the Company has been encouraging the Directors to enroll in professional development courses and seminars relating to the Listing Rules, companies ordinance and corporate governance practices organized by professional bodies or chambers in Hong Kong. All directors are requested to provide the Company with their respective training records pursuant to the Code.

All Directors have participated in appropriate continuous professional development and refresh their knowledge and skills during the year for ensuring their contribution to the Board remains informed and relevant. Such professional development was completed either by way of attending briefings, conference, courses, forum and seminars, teaching, self-reading and participated in business-related researches which are relevant to the business or directors' duties.

CORPORATE GOVERNANCE FUNCTIONS

The Board delegated the Corporate Governance Functions to the compliance officer, Mr. Lau Chuk Kin. The compliance officer is responsible for the corporate governance duties as follows:

- (a) To develop and review the Company's policies and practices on corporate governance and make recommendations to the board;
- (b) To review and monitor the training and continuous professional development of directors and senior management;
- (c) To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) To develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and
- (e) To review the Company's compliance with the Code and disclosure in the Corporate Governance Report.

COMPANY SECRETARY

The company secretary of the Company is Ms. Tan Lai Ming, a fellow member of The Hong Kong Institute of Certified Public Accountants. Ms. Tan is also the financial controller of the Company. As an employee of the Company, the company secretary assists the Board by ensuring good information flow within the Board and that Board policy and procedures are followed. She has taken not less than 15 hours of relevant professional training in 2025.



CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE

The Remuneration Committee was established in June 2011. As at 31 December 2025, the Remuneration Committee comprised of one executive Director namely Mr. Lau Chuk Kin and four independent non-executive Directors, namely Prof. Lee Hau Leung, Mr. Ho Tai Wai, David, Mr. Ng Siu On and Ms. Ng Cheuk Hei, Shirley. The chairman of the Remuneration Committee was Prof. Lee Hau Leung.

The terms of reference of the Remuneration Committee are posted on the Company's website. The principal functions include:

- to recommend to the Board on the Company's policies and structure for the remuneration of the Directors and senior management of the Group;
- to determine the remuneration packages of all executive Directors and senior management of the Group; and
- to review and approve the management's remuneration proposal with reference to corporate goals and objectives resolved by the Board from time to time.

The principal elements of executive remuneration package include basic salary and discretionary bonus. The emoluments of executive Directors are based on skill, knowledge and involvement in the Company's affairs of each Director and are determined by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

The Remuneration Committee consults the executive Directors about its proposals relating to the remuneration of other executive Directors.

The Remuneration Committee held one meeting in 2025. Details of the attendance record of the committee meetings are as follows:

| Committee members | Attended/Held |
|---|---------------|
| Mr. Lau Chuk Kin | 1/1 |
| Prof. Lee Hau Leung | 1/1 |
| Mr. Ho Tai Wai, David | 1/1 |
| Mr. Ng Siu On | 1/1 |
| Ms. Ng Cheuk Hei, Shirley (appointed on 15 October 2025) | 1/1 |

The meetings were held to review the remuneration policy and structure and determination of the annual remuneration packages of the executive Directors and the senior executives, share award benefits and other related matters.

Pursuant to paragraph E.1.5 of the Code, the remuneration of the members of the senior management paid by the Group by band for the year ended 31 December 2025 is set out below:

| Remuneration band | Number of individuals |
|-------------------------------|-----------------------|
| Nil to HK\$1,000,000 | 1 |
| HK\$1,000,001 – HK\$1,500,000 | 6 |
| HK\$1,500,001 – HK\$2,000,000 | 2 |
| HK\$2,000,001 – HK\$2,500,000 | 1 |
| HK\$2,500,001 – HK\$3,000,000 | 1 |

NOMINATION COMMITTEE

The Nomination Committee of the Company was established in February 2012. As at 31 December 2025, the Nomination Committee comprised of the executive Director namely Mr. Lau Chuk Kin, the independent non-executive Directors namely Prof. Lee Hau Leung, Mr. Ho Tai Wai, David, Mr. Ng Siu On and Ms. Ng Cheuk Hei, Shirley. The Chairman of Nomination Committee was Mr. Lau Chuk Kin. With the appointment of Ms. Ng Cheuk Hei, Shirley as member in the nomination committee on 15 October 2025, the Nomination Committee has well-included different genders. The terms of reference of the Nomination committee are posted on the Company's website.

The roles and functions of the Nomination Committee include reviewing the structure, size and composition of the Board, identifying individuals suitably qualified to become Directors, selecting or making recommendations to the Board on nominations, appointment or re-appointment of Directors and Board succession, and assessing the independence of the independent non-executive directors.

The Nomination Committee held one meeting in 2025. Details of the attendance record of the committee meetings are as follows:

| Committee members | Attended/Held |
|---|---------------|
| Mr. Lau Chuk Kin | 1/1 |
| Prof. Lee Hau Leung | 1/1 |
| Mr. Ho Tai Wai, David | 1/1 |
| Mr. Ng Siu On | 1/1 |
| Ms. Ng Cheuk Hei, Shirley (appointed on 15 October 2025) | N/A |

The meeting was held for reviewing the structure, size and composition, and assessing the independence of the independent non-executive directors of the board of directors. During the year, the Nomination Committee also recommended the Board for appointment of Ms. Ng Cheuk Hei, Shirley as independent non-executive Director and Mr. Wong Sai Yeung, Colin as executive Director.

AUDIT COMMITTEE

The Audit Committee was established in June 2011. As at 31 December 2025, the Audit Committee comprised of four independent non-executive Directors, namely Mr. Ho Tai Wai, David, Prof. Lee Hau Leung, Mr. Ng Siu On and Ms Ng Cheuk Hei, Shirley. The chairman of the Audit Committee was Mr. Ho Tai Wai, David.

The terms of reference of the Audit Committee, which are in compliance with the Listing Rules, are posted on the Company's website. Under the terms of reference, the Audit Committee is responsible for overseeing the relationship between the Company and its external auditors, reviewing the Group's financial information and overseeing the Group's financial reporting, internal control and risk management systems.

The Audit Committee held three meetings in 2025. Details of the attendance record of the committee meetings are as follows:

| Committee members | Attended/Held |
|---|---------------|
| Mr. Ho Tai Wai, David | 3/3 |
| Prof. Lee Hau Leung | 3/3 |
| Mr. Ng Siu On | 3/3 |
| Ms. Ng Cheuk Hei, Shirley (appointed on 15 October 2025) | 1/1 |

During the year, the Audit Committee met with the senior management of the Company to review the Group's draft annual report and accounts, draft interim report, internal control report, continuing connected transactions and circulars, and provided advice and comments thereon to the Company's Board of Directors. The Audit Committee members also met with the external auditors to discuss matters arising from the audit and the nature and scope of the audit and reporting obligations before the audit commenced.



CORPORATE GOVERNANCE REPORT

The Group's 2025 interim report and 2024 annual report have been reviewed by the Audit Committee, which was of the opinion that such reports were prepared in accordance with the applicable accounting standards and requirements. For the 2024 annual report, the Audit Committee met with the external auditors to discuss auditing, internal control, statutory compliance and financial reporting matters before recommending it to the Board for approval. The Audit Committee also monitored the Company's progress in implementing the code provisions on corporate governance practices as required under the Listing Rules.

AUDITOR'S REMUNERATION

The fees in relation to services provided by the Company's auditor and its related network firms for the year ended 31 December 2025 were as follows:

| | HK\$'000 |
|--|----------|
| Audit and review of financial reports | |
| BDO Limited, Hong Kong | 1,830 |
| Other BDO network firms | 934 |
| | 2,764 |
| Other non-audit services | |
| BDO Limited, Hong Kong | 110 |
| Other BDO network firms | 37 |
| | 147 |

DIVIDEND POLICY

The Company has adopted a dividend policy. In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, inter alia, the following factors:

- (i) the Group's actual and expected financial results;
- (ii) the Group's working capital requirements, capital expenditure requirements and future expansion plans;
- (iii) the Group's liquidity position;
- (iv) the financial covenants to which the Group is subject and any restrictions on the payment of dividends that may be imposed by the Group's lenders;
- (v) the general economic and political conditions and other external factors that may have an impact on the future business and financial performance of the Group; and
- (vi) any other factors that the Board may consider relevant.

The payment of dividend is also subject to the compliance with applicable laws and regulations, including the laws of Bermuda and the Company's bye-laws. The Board shall review the dividend policy from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period.

DIVERSITY

As at 31 December 2025, the Company has two female Directors, and the Board will endeavour to maintain female representation on the Board. As at 31 December 2025, the percentages of male and female employees (including senior management) are 56% and 44% respectively. The Board considers that the Group's workforce is diverse in terms of gender.

COMMUNICATION WITH SHAREHOLDERS

The Company has adopted a Shareholders' Communication Policy in February 2012 reflecting mostly the current practices of the Company for communication with its shareholders. Information will be communicated to shareholders through:

- continuous disclosure to the Stock Exchange of all material information;
- periodic disclosure through the annual and interim reports;
- notices of meetings and explanatory material;
- the annual general meetings and other general meetings; and
- the Company's website at www.lionrock.hk.

The Board endeavours to maintain an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with shareholders and encourage their participation. The Directors attended the AGM held in 2025 to answer questions and collect views of shareholders. The external auditor also attended the annual general meeting to answer questions of shareholders. The shareholders communication policy allows shareholders views to be collected and responded effectively.

SHAREHOLDERS' RIGHTS

(i) Procedures for members to convene a special general meeting ("SGM")

Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition sent to the Company's registered office in Bermuda and its principal place of business in Hong Kong, for the attention of the Company Secretary, to require a SGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the Shareholders concerned themselves may do so in accordance with the provisions of Section 74(3) of the Companies Act, but any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition.

The written requisition must state the purposes of the general meeting, signed by the Shareholders concerned and may consist of several documents in like form, each signed by one or more of those Shareholders.

If the requisition is in order, the Company Secretary will ask the Board to convene a SGM by serving sufficient notice in accordance with the statutory requirements to all the registered Members. On the contrary, if the requisition is invalid, the Shareholders concerned will be advised of this outcome and accordingly, a SGM will not be convened as requested.



CORPORATE GOVERNANCE REPORT

The notice period to be given to all the registered Members for consideration of the proposal raised by the shareholders concerned at a SGM varies according to the nature of the proposal, as follows:

- at least twenty-one clear days' and not less than ten clear business days' notice in writing if the proposal constitutes a special resolution of the Company, which cannot be amended other than to a mere clerical amendment to correct a patent error; and
- at least fourteen clear days' and not less than ten clear business days' notice in writing if the proposal constitutes an ordinary resolution of the Company.

(ii) Procedures for a member to propose a person for election as a director

As regards the procedures for proposing a person for election as a Director, please refer to the procedures made available under the Corporate Governance section of the Company's website at www.lionrock.hk.

(iii) Procedures for directing Shareholders' enquires to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing to the principal place of business of the Company in Hong Kong or by e-mail to investor@lionrock.hk for the attention of the company secretary.

(iv) Procedures for putting forward proposals at a general meeting

Shareholders holding (i) not less than one-twentieth of the total voting rights of all Shareholders having the right to vote at the general meeting of the Company; or (ii) not less than 100 Shareholders, can submit a written request stating the resolution intended to be moved at the AGM; or a statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at a particular general meeting. The written request/statements must be signed by the Shareholders concerned and deposited at the Company's registered office in Bermuda and its principal place of business in Hong Kong for the attention of the company secretary of the Company, not less than six weeks before the AGM in the case of a requisition requiring notice of a resolution and not less than one week before the general meeting in the case of any other requisition.

If the written request is in order, the Company Secretary will ask the Board (i) to include the resolution in the agenda for the AGM; or (ii) to circulate the statement for the general meeting, provided that the Shareholders concerned have deposited a sum of money reasonably determined by the Board sufficient to meet the Company's expenses in serving the notice of the resolution and/or circulating the statement submitted by the Shareholders concerned in accordance with the statutory requirements to all the registered Members. On the contrary, if the requisition is invalid or the Shareholders concerned have failed to deposit sufficient money to meet the Company's expenses for the said purposes, the Shareholders concerned will be advised of this outcome and accordingly, the proposed resolution will not be included in the agenda for the AGM; or the statement will not be circulated for the general meeting.

INDEPENDENT AUDITOR'S REPORT



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香港干諾道中111號
永安中心25樓

TO THE SHAREHOLDERS OF LION ROCK GROUP LIMITED

(獅子山集團有限公司)

(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Lion Rock Group Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 042 to 122, 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 the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards Accounting Standards ("HKFRS Accounting Standards") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

Impairment assessment on goodwill and non-financial assets

Refer to note 17 and the Group's critical accounting estimates and judgements in relation to impairment of goodwill and non-financial assets set out in note 4(i) and note 4(ii) to the consolidated financial statements

As at 31 December 2025, the Group had goodwill and non-financial assets of carrying amount of HK\$325,754,000 and HK\$621,091,000 relating to the acquisitions of Asia Pacific Offset Limited, OPUS Group Pty. Limited, Papercraft Sdn. Bhd., The Quarto Group, Inc., Regent Publishing Services Limited and book printing business operating by Griffin Press Printing Pty Ltd, Marvel Printing Pty Ltd. Goodwill is assessed annually for impairment and non-financial assets is assessed annually and whether there are any indicators of impairment.

Management concluded that the cash-generating units ("CGUs") or group of CGUs or group of CGUs containing goodwill and non-financial assets do not suffer any impairment. This conclusion was based on value-in-use calculations, which require management to estimate the future cash flows expected to arise from the CGUs and a suitable discount rate in order to calculate the present value, as detailed in Note 17 to the consolidated financial statements.

We identified impairment assessment on goodwill and non-financial assets as a key audit matter because of its potential significance to the consolidated financial statements. The estimation of recoverable amounts of the CGUs to which goodwill and non-financial assets was allocated involves a significant degree of judgement and estimation in relation to the 5-year period cash flow forecasts of the businesses and other key assumptions to be made by management.

Our response

Our procedures in relation to management's impairment assessment included:

- Assessing the reasonableness of key assumptions, in particular those relating to the 5-year period cash flow forecasts underlying the value-in-use calculations;
- Assessing management's historical forecasting accuracy by comparing previous projections to actual results achieved; and
- Checking, on a sample basis, the accuracy and relevance of the data provided by management, such as growth rates and discount rates used.

Impairment assessment on trade receivables

Refer to Note 19 and the Group's critical accounting estimates and judgements in relation to impairment of trade receivables set out in note 4(iv) to the consolidated financial statements

As at 31 December 2025, the carrying amount of trade receivables amounted to HK\$545,993,000 which represented 33% of the Group's current assets. Reversal of provision for impairment on trade receivables of HK\$4,858,000 was recognised in consolidated profit or loss during the year.

Loss allowances for trade receivables are based on management's estimate of the lifetime expected credit losses to be incurred, which is estimated by taking into account the credit loss experience, ageing of overdue trade receivables, customers' repayment history and customers' financial position and an assessment of both the current and forecast general economic conditions, all of which involve a significant degree of management judgement.

We identified assessing the recoverability of trade receivables as a key audit matter because the assessment of the recoverability of trade receivables and recognition of loss allowance are inherently subjective and require significant management judgement, which increases the risk of error or potential management bias.

Our response

Our procedures in relation to management's impairment assessment included:

- Asserting our understanding on the policy of key internal controls which govern credit control, debt collection and estimate of expected credit losses;
- Assessing, on a sample basis, whether items in the trade receivables ageing report were classified within the appropriate ageing bracket by comparing individual items in the report with the relevant sales invoices;
- Assessing the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information;
- Inspecting subsequent cash receipts from customers after the financial year end relating to trade receivables balances as at 31 December 2025, on a sample basis;
- Discussing with management about the recoverability status of material overdue balances and assess whether provision is required; and
- Reviewed management's assessment on impairment and considered whether it has been recognised in accordance with HKFRS Accounting Standards.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



INDEPENDENT AUDITOR'S REPORT

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards issued by the HKICPA and the disclosure requirements of 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.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibilities in this regard.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



BDO Limited
Certified Public Accountants
Tsui Ka Che, Norman
Practising Certificate Number P05057

Hong Kong, 30 March 2026



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

| | Notes | 2025 | 2024 |
|--|-------|---------------|---------------|
| | | HK\$'000 | HK\$'000 |
| Revenue | 5 | 2,407,213 | 2,668,586 |
| Direct operating costs | | (1,612,685) | (1,778,441) |
| Gross profit | | 794,528 | 890,145 |
| Other income | 7 | 63,514 | 58,648 |
| Selling and distribution costs | | (371,207) | (377,475) |
| Administrative expenses | | (214,173) | (231,526) |
| Reversal of impairment of trade receivables, net | 19 | 4,858 | 743 |
| Finance costs | 8 | (13,723) | (25,353) |
| Profit before income tax | 9 | 263,797 | 315,182 |
| Income tax expense | 12 | (51,423) | (61,590) |
| Profit for the year | | 212,374 | 253,592 |
| Other comprehensive income | | | |
| Item that will not be reclassified to profit or loss: | | | |
| Remeasurement of long service payment liabilities | | 15 | (38) |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Exchange gain/(loss) on translation of financial statements of foreign operations | | 55,690 | (45,809) |
| Other comprehensive income for the year, net of tax | | 55,705 | (45,847) |
| Total comprehensive income for the year | | 268,079 | 207,745 |
| Profit for the year attributable to: | | | |
| Owners of the Company | | 187,668 | 214,406 |
| Non-controlling interests | | 24,706 | 39,186 |
| | | 212,374 | 253,592 |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | | 230,074 | 179,329 |
| Non-controlling interests | | 38,005 | 28,416 |
| | | 268,079 | 207,745 |
| Earnings per share for profit attributable to owners of the Company during the year | 14 | | |
| Basic | | HK24.91 cents | HK28.58 cents |
| Diluted | | HK24.67 cents | HK28.26 cents |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

| | Notes | 2025 HK\$'000 | 2024 HK\$'000 |
|---|-------|------------------|------------------|
| ASSETS AND LIABILITIES | | | |
| Non-current assets | | | |
| Property, plant and equipment | 15 | 293,332 | 237,804 |
| Deposits for acquisition of property, plant and equipment | 19 | 7,674 | 13,878 |
| Right-of-use assets | 16 | 150,158 | 121,080 |
| Intangible assets | 17 | 549,316 | 525,533 |
| Deferred tax assets | 25 | 56,442 | 40,653 |
| | | 1,056,922 | 938,948 |
| Current assets | | | |
| Inventories | 18 | 369,624 | 390,638 |
| Trade and other receivables and deposits | 19 | 667,695 | 760,127 |
| Financial assets at fair value through profit or loss | 24 | 2,456 | – |
| Pledged deposits | 20 | 229 | 209 |
| Cash and cash equivalents | 20 | 590,102 | 500,488 |
| | | 1,630,106 | 1,651,462 |
| Current liabilities | | | |
| Trade and other payables | 21 | 446,762 | 455,255 |
| Bank borrowings | 22 | 49,337 | 163,878 |
| Lease liabilities | 23 | 42,184 | 31,292 |
| Provisions | 26 | 31,242 | 27,780 |
| Provision for taxation | | 28,584 | 25,537 |
| | | 598,109 | 703,742 |
| Net current assets | | 1,031,997 | 947,720 |
| Total assets less current liabilities | | 2,088,919 | 1,886,668 |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 December 2025

| | Notes | 2025 | 2024 |
|---|-------|------------------|------------------|
| | | HK\$'000 | HK\$'000 |
| Non-current liabilities | | | |
| Other payables | 21 | 8,041 | – |
| Provisions | 26 | 5,092 | 1,817 |
| Lease liabilities | 23 | 121,679 | 104,249 |
| Deferred tax liabilities | 25 | 49,206 | 38,280 |
| | | 184,018 | 144,346 |
| Net assets | | 1,904,901 | 1,742,322 |
| EQUITY | | | |
| Share capital | 27 | 7,700 | 7,700 |
| Reserves | 29 | 1,639,154 | 1,503,023 |
| Equity attributable to owners of the Company | | 1,646,854 | 1,510,723 |
| Non-controlling interests | | 258,047 | 231,599 |
| Total equity | | 1,904,901 | 1,742,322 |

On behalf of the directors

Lau Chuk Kin
*Director*Lee Hau Leung
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

| | Attributable to owners of the Company | | | | | | | Non-controlling interests | Total equity | | | | |
|--|---------------------------------------|---------------|------------------|----------------|---------------------|-------------------|---------------|---------------------------|--------------|-------------------------------|----------------------------|-------------------|-----------|
| | Share capital | Share premium | Exchange reserve | Merger reserve | Contributed surplus | Statutory reserve | Other reserve | | | Employee compensation reserve | Share award scheme reserve | Retained earnings | Total |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | |
| Balance as at 1 January 2025 | 7,700 | 173,078 | (117,544) | (136,875) | 310,125 | 737 | (35,452) | 10,777 | (14,211) | 1,312,388 | 1,510,723 | 231,599 | 1,742,322 |
| 2024 Interim and special dividend paid (Note 13) | - | - | - | - | - | - | - | - | - | (77,000) | (77,000) | - | (77,000) |
| 2025 Interim dividend paid (Note 13) | - | - | - | - | - | - | - | - | - | (23,100) | (23,100) | - | (23,100) |
| Dividend in relation to share award scheme (Note 13) | - | - | - | - | - | - | - | - | - | 2,456 | 2,456 | - | 2,456 |
| Dividends paid to non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | (11,143) | (11,143) |
| Acquisition of additional interests in subsidiaries | - | - | - | - | - | - | (101) | - | - | - | (101) | (414) | (515) |
| Recognition of equity-settled share-based expenses | - | - | - | - | - | - | - | 2,406 | - | - | 2,406 | - | 2,406 |
| Shares vested under share award scheme | - | - | - | - | - | - | - | (11,337) | 11,599 | (62) | - | - | - |
| Shares sold under share award scheme | - | - | - | - | - | - | - | - | 730 | 666 | 1,396 | - | 1,396 |
| Lapsed of shares under share award scheme | - | - | - | - | - | - | - | (590) | - | 590 | - | - | - |
| Transactions with owners | - | - | - | - | - | - | (101) | (9,521) | 12,329 | (96,650) | (93,943) | (11,557) | (105,500) |
| Profit for the year | - | - | - | - | - | - | - | - | - | 187,668 | 187,668 | 24,706 | 212,374 |
| Other comprehensive income | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Currency translation | - | - | 42,391 | - | - | - | - | - | - | - | 42,391 | 13,299 | 55,690 |
| Remeasurement of long service payment liabilities | - | - | - | - | - | - | - | - | - | 15 | 15 | - | 15 |
| Total comprehensive income for the year | - | - | 42,391 | - | - | - | - | - | - | 187,683 | 230,074 | 36,005 | 268,079 |
| Balance at 31 December 2025 | 7,700 | 173,078 | (75,153) | (136,875) | 310,125 | 737 | (35,553) | 1,256 | (1,882) | 1,403,421 | 1,646,854 | 258,047 | 1,904,901 |



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

| | Attributable to owners of the Company | | | | | | | | | | Non-controlling interests | Total equity | | |
|--|---------------------------------------|---------------|------------------|----------------|---------------------|-------------------|---------------|-------------------------------|----------------------------|-------------------|---------------------------|--------------|-------------------|-----------|
| | Share capital | Share premium | Exchange reserve | Merger reserve | Contributed surplus | Statutory reserve | Other reserve | Employee compensation reserve | Share award scheme reserve | Proposed dividend | | | Retained earnings | |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Balance as at 1 January 2024 | 7,700 | 173,078 | (82,505) | (136,875) | 310,125 | 737 | (5,128) | 8,893 | (15,056) | 61,600 | 1,129,888 | 1,452,407 | 348,110 | 1,800,517 |
| 2023 final dividends paid (Note 13) | - | - | - | - | - | - | - | - | - | (61,600) | - | (61,600) | - | (61,600) |
| 2024 first interim and first special dividend paid (Note 13) | - | - | - | - | - | - | - | - | - | - | (34,650) | (34,650) | - | (34,650) |
| Dividend in relation to share award scheme (Note 13) | - | - | - | - | - | - | - | - | - | - | 2,493 | 2,493 | - | 2,493 |
| Dividends paid to non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | - | (11,643) | (11,643) |
| Acquisition of additional interests in subsidiaries | - | - | - | - | - | - | (4,309) | - | - | - | - | (4,309) | (2,196) | (6,505) |
| Change in shareholding in a subsidiary due to repurchase of shares | - | - | - | - | - | - | (26,015) | - | - | - | - | (26,015) | (131,088) | (157,103) |
| Recognition of equity-issued store-based expenses | - | - | - | - | - | - | - | 3,068 | - | - | - | 3,068 | - | 3,068 |
| Shares vested under share award scheme | - | - | - | - | - | - | - | (848) | 845 | - | 3 | - | - | - |
| Lapsed of shares under share award scheme | - | - | - | - | - | - | - | (336) | - | - | 336 | - | - | - |
| Transactions with owners | - | - | - | - | - | - | (30,324) | 1,884 | 845 | (61,600) | (31,818) | (121,013) | (144,927) | (265,940) |
| Profit for the year | - | - | - | - | - | - | - | - | - | - | 214,406 | 214,406 | 39,186 | 253,592 |
| Other comprehensive income | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Currency translation | - | - | (35,039) | - | - | - | - | - | - | - | - | (35,039) | (10,770) | (45,809) |
| Remeasurement of long service payment liabilities | - | - | (35,039) | - | - | - | - | - | - | - | (38) | (38) | - | (38) |
| Total comprehensive income for the year | - | - | - | - | - | - | - | - | - | - | 214,368 | 179,329 | 28,416 | 207,745 |
| Balance at 31 December 2024 | 7,700 | 173,078 | (117,544) | (136,875) | 310,125 | 737 | (85,452) | 10,777 | (14,211) | - | 1,312,888 | 1,510,723 | 231,599 | 1,742,322 |

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

| | Notes | 2025 | 2024 |
|---|---------|----------|----------|
| | | HK\$'000 | HK\$'000 |
| Cash flows from operating activities | | | |
| Profit before income tax | | 263,797 | 315,182 |
| Adjustments for: | | | |
| Depreciation of owned property, plant and equipment | 9,15 | 49,865 | 45,549 |
| Amortisation of intangible assets | 9,17 | 127,116 | 116,145 |
| Depreciation of right-of-use assets | 9,16 | 44,196 | 42,447 |
| Equity-settled share-based payment expenses | 11 | 2,406 | 3,068 |
| Gain on disposal of financial assets at fair value through profit or loss | 7 | – | (317) |
| Bank interest income | 7 | (9,987) | (16,614) |
| Loan interest income | 7 | (66) | (66) |
| (Gain)/loss on disposals of property, plant and equipment | 7,9 | (45) | 346 |
| Reversal of provision for impairment of trade receivables | 9,19 | (4,858) | (743) |
| Bad debts recovered | 7 | (71) | (294) |
| Fair value gain on investment of unlisted preference share | | 306 | – |
| Interest on lease liabilities | 8,23 | 7,100 | 6,736 |
| Interest expenses on bank borrowings | 8 | 6,610 | 18,339 |
| Amortisation of debt issuance costs and bank fees | 8 | – | 263 |
| Provision/(written back of) for inventories | 9,18 | 2,945 | (711) |
| Gain on lease modification | 9,16,23 | – | (81) |
| Written off of pre-publication costs | 9,17 | 6,354 | 4,208 |
| Operating profit before working capital changes | | 495,668 | 533,457 |
| Decrease in inventories | | 35,831 | 29,000 |
| Decrease/(increase) in trade and other receivables and deposits | | 123,898 | (68,555) |
| Decrease in trade and other payables | | (25,608) | (24,482) |
| (Increase)/decrease in provisions | | (12) | 35 |
| Changes in financial assets at fair value through profit or loss | | (2,762) | 555 |
| Cash generated from operations | | 627,015 | 470,010 |
| Income taxes paid | | (54,725) | (76,617) |
| <i>Net cash generated from operating activities</i> | | 572,290 | 393,393 |

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended 31 December 2025

| | Notes | 2025 | 2024 |
|---|-------|-----------|-----------|
| | | HK\$'000 | HK\$'000 |
| Cash flows from investing activities | | | |
| Interest received | | 10,053 | 16,680 |
| Proceeds from disposals of owned property, plant and equipment | | 1,613 | 777 |
| Payments for purchases of owned property, plant and equipment | 15 | (72,438) | (36,559) |
| Decrease in deposits for acquisition of owned property, plant and equipment | | 6,708 | 1,582 |
| Upfront payment to acquire right-of-use asset | | (1,671) | – |
| Payments for addition of pre-publication cost | 17 | (137,256) | (137,802) |
| Increase in pledged deposits | | (8) | (68) |
| Cash consideration paid for business combination | 32 | (14,834) | – |
| <i>Net cash used in investing activities</i> | | (207,833) | (155,390) |
| Cash flows from financing activities | | | |
| Proceeds from new bank borrowings | 36 | 152,723 | 230,350 |
| Repayments of bank borrowings | 36 | (267,259) | (396,551) |
| Repayments of other borrowing | 36 | (1,562) | – |
| Interest paid on bank borrowings | 36 | (6,610) | (18,339) |
| Repayments of principal portion of the lease liabilities | 36 | (43,543) | (40,602) |
| Interest portion of the lease liabilities paid | 36 | (7,100) | (6,736) |
| Dividends paid to the owners of the Company | 13 | (97,644) | (93,757) |
| Dividends paid to non-controlling interests | | (11,143) | (11,643) |
| Shares repurchase in a subsidiary | 35 | – | (157,103) |
| Purchase of additional interests in subsidiaries | | (515) | (6,505) |
| <i>Net cash used in financing activities</i> | | (282,653) | (500,886) |
| Net increase/(decrease) in cash and cash equivalents | | 81,804 | (262,883) |
| Effect of exchange rate fluctuations, net | | 7,810 | (16,723) |
| Cash and cash equivalents at 1 January | | 500,488 | 780,094 |
| Cash and cash equivalents at 31 December | | 590,102 | 500,488 |
| Analysis of cash and cash equivalents | | | |
| Cash and bank balances | | 590,102 | 500,488 |

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION

Lion Rock Group Limited (the “Company”) was incorporated in Bermuda under the Bermuda Companies Act as an exempted limited liability company. The address of the Company’s registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is Level 11 East Wing, NEO, 123 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong. The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “SEHK”) in 2011.

The Company acts as an investment holding company. Details of the activities of its principal subsidiaries are set out in Note 35 to the financial statements. The Company and its subsidiaries are collectively referred to as the “Group” hereafter.

The financial statements for the year ended 31 December 2025 were approved for issue by the board of directors of the Company (the “Directors”) on 30 March 2026.

2. MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements on pages 042 to 122 have been prepared in accordance with Hong Kong Financial Reporting Standards Accounting Standards (“HKFRS Accounting Standards”) which collective term includes all applicable individual HKFRS Accounting Standards, Hong Kong Accounting Standards (“HKAS”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also include the applicable disclosures required by the Rules Governing the Listing of Securities on the SEHK.

The material accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented. The adoption of new or amended HKFRS Accounting Standards and the impacts on the Group’s financial statements, if any, are disclosed in Note 3.

The financial statements have been prepared under historical cost convention, except for certain financial instruments, which are stated at fair value. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in the preparation of the financial statements. Although these estimates are based on management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICIES (Continued)

2.2 Business combinations and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

The Group accounts for business combinations using acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive processes and whether the acquired set has the ability to produce outputs.

The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRS Accounting Standards. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICIES (Continued)

2.3 Foreign currency translation

The financial statements are presented in Hong Kong Dollars ("HK\$"), which is also the functional currency of the Company.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into HK\$. Assets and liabilities have been translated into HK\$ at the closing rates at the reporting date. Income and expenses have been converted into HK\$ at the average exchange rates for the month of the transactions, unless exchange rates fluctuated significantly during the year, in which case, the exchange rates prevailing at the dates of transactions are used. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the exchange reserve in equity.

2.4 Property, plant and equipment

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Freehold land in Australia is not depreciated. Depreciation on other property, plant and equipment is provided to write-off their costs over their estimated useful lives, using straight-line method, at the following rates per annum:

| | |
|--------------------------------|--|
| Buildings on freehold land | 4%-14% |
| Buildings | Over the remaining life of the leases but not exceeding 50 years |
| Furniture and fixtures | 10%-50% |
| Office equipment | 10%-50% |
| Leasehold improvements | 4%-50% or over the lease terms, whichever is shorter |
| Computer equipment and systems | 20%-100% |
| Motor vehicles | 12.5%-33.33% |
| Machinery | 5%-50% |

The assets' depreciation methods and estimated useful lives are reviewed, and adjusted if appropriate, at each reporting date.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICIES (Continued)

2.4 Property, plant and equipment (Continued)

Gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

2.5 Goodwill

Goodwill is initially recognised at cost being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests in the acquiree and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree over the fair value of identifiable assets and liabilities acquired.

Where the fair value of identifiable assets and liabilities exceed the aggregate of the fair value of consideration paid, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units ("CGUs") that are expected to benefit from the synergies of the acquisition. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. A CGU to which goodwill has been allocated is tested for impairment annually, by comparing its carrying amount with its recoverable amount (see Note 2.11), and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the CGUs to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the CGUs is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset's carrying amount to below its fair value less cost of disposal (if measurable) or its value-in-use (if determinable), whichever is the higher. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICIES (Continued)

2.6 Intangible assets (other than goodwill)

Intangible assets acquired separately

Intangible assets, mainly non-contractual customer relationship and customer contract, acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses.

Amortisation for customer contract, non-contractual customer relationship, software and backlists is provided on straight-line method over their useful lives of 2 years, 3 years, 4 years and 5 years respectively. The amortisation expenses is recognised in profit or loss and included in administrative expenses.

Pre-publication cost (development costs of book titles)

Expenditure incurred on projects to development of book titles prior to their publication is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

The amount initially recognised for pre-publication cost is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, pre-publication cost are reported at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation for pre-publication cost with finite useful lives is recognised on reducing-balance method of 50% per annum. 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 FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICIES (Continued)

2.7 Financial instruments

(i) *Financial assets*

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. Trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

- (1) Financial assets at amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. These are subsequently measured using effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.
- (2) Financial assets at FVTPL: Derivatives are classified as held for trading instruments.

(ii) *Impairment loss on financial assets*

The Group recognises loss allowances for expected credit loss ("ECL") on trade receivables, loan to associate, and financial assets measured at amortised cost. ECLs are measured on either of the following bases:

- (1) 12-month ECLs: these are ECLs that result from possible default events within the 12 month after the reporting date: and
- (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICIES (Continued)

2.7 Financial instruments (Continued)

(ii) *Impairment loss on financial assets (Continued)*

The Group elected to measure loss allowances for its trade receivables and contract assets using HKFRS 9 simplified approach and calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, ECLs are based on lifetime ECLs except when there has not been a significant increase in credit risk since initial recognition, in which case the allowance will be based on the 12 months ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, or the financial asset is more than 90 days past due.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status.

The Group considers a financial asset to be credit-impaired when:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICIES (Continued)

2.7 Financial instruments (Continued)

(ii) *Impairment loss on financial assets (Continued)*

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non-credit-impaired financial assets interest income is calculated based on the gross carrying amount.

(iii) *Financial liabilities*

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised costs

Financial liabilities at amortised costs including trade and other payables and bank borrowings are subsequently measured at amortised costs, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through amortisation process.

(iv) *Effective interest method*

This is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. Effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) *Derecognition*

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICIES (Continued)

2.8 Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost is determined using weighted average cost method, and in the case of work-in-progress and finished goods, cost comprises direct materials and, where applicable, direct labour costs and those overhead costs that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and applicable selling expenses.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period in which the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2.9 Leases

The Group as a lessee

All leases are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months and do not contain a purchase option. The lease payments associated with those leases have been expensed on straight-line basis over the lease term and do not contain a purchase option.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise:

- (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability);
- (ii) any lease payments made at or before the commencement date, less any lease incentives received;
- (iii) any initial direct costs incurred by the lessee; and
- (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The Group measures the right-of-use assets applying the cost model, under which the Group measures the right to use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICIES (Continued)

2.9 Leases (Continued)

The Group as a lessee (Continued)

Right-of-use asset (Continued)

The Group accounts for leasehold land and buildings which is held for own use under HKAS 16 and are carried at cost. Other than the above right-of-use assets, the Group also has leased a number of properties under tenancy agreements which the Group exercises its judgement and determines that it is a separate class of asset apart from the leasehold land and buildings which is held for own use. As a result, right-of-use asset arising from the properties under tenancy agreements are carried at depreciated cost.

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

The following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments:

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

Subsequent to the commencement date, the Group measures the lease liability by:

- (i) increasing the carrying amount to reflect interest on the lease liability;
- (ii) reducing the carrying amount to reflect the lease payments made; and
- (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICIES (Continued)

2.9 Leases (Continued)

Lease liability (Continued)

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

When the Group renegotiates the contractual terms of a lease with the lessor, if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease, in all other cases, where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.

2.10 Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- 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.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICIES (Continued)

2.10 Revenue recognition (Continued)

(i) *Printing income and sales of scrapped paper and by-products*

Printing income and sales of scrapped paper and by-products are recognised at a point in time when the goods are transferred and the customer has received the publications, since only by that time the Group has a present right to payment for the goods delivered. In determining the transaction price, the Group measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

There is no significant financial components for the contracts and the consideration is not variable.

(ii) *Book Publishing*

Revenue from the sale of publishing rights is recognised at a point in time when the license are transferred to the customer, which it is able to use and benefit from the right to use the license. This is when the Group has discharged its performance obligations under the contractual arrangements, since only by that time the Group has a present right to payment for the goods delivered. The sale of publishing rights includes the right to future sales based royalties. Revenue generated from the sales based royalties is only recognised when the subsequent sale occurs. The Group licences the intellectual property rights to the customer on a right to use basis. This allows the customer to use the intellectual property as detailed in the contract. Once the term of the contract has expired, the licence becomes cancelled.

There is no significant financial components for the contracts and the consideration is not variable.

(iii) *Interest income and dividend income*

Interest income is recognised on time-proportion basis using effective interest method.

Dividend income is recognised when the right to receive the dividend is established.

Contract assets and liabilities

A contract asset represents the Group's right to consideration in exchange for goods/services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods/services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICIES (Continued)

2.11 Impairment of assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of property, plant and equipment, intangible assets other than goodwill, right-of-use assets and interests in subsidiaries and associate to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value-in-use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the impairment loss is treated as a revaluation decrease under that HKFRS.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent 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 in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the reversal of the impairment loss is treated as a revaluation increase under that HKFRS.

Value-in-use is based on the estimated future cash flows expected to be derived from the asset or CGU (see Note 2.5), 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 CGU.

2.12 Employee benefits

(i) Retirement benefit schemes

The Group participates in several staff retirement benefit schemes for employees in Hong Kong, the People's Republic of China (the "PRC"), Australia and other countries, comprising defined contribution retirement schemes or a Mandatory Provident Fund scheme (the "MPF Scheme"). The assets of these schemes are held separately from those of the Group in independently administered funds. The retirement benefit schemes are generally funded by payments from employees and by the relevant group companies. The retirement benefit scheme costs charged to profit or loss represents contributions payable by the Group to the schemes.

The subsidiaries operating in the PRC and other countries are required to participate in the defined contribution retirement schemes for their employees, organised by the relevant local government authorities. They are required to make contributions to the retirement benefit schemes at a specified percentage of employees' relevant income and there are no other further obligations to the Group.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICIES (Continued)

2.12 Employee benefits (Continued)

(ii) *Share-based employee compensation*

The Group operates two equity-settled share-based compensation plans, including share option scheme and share award scheme to remunerate its employees, directors and sale agents.

For share options granted by the Group, the share-based compensation is recognised as an expense in the Group's statement of profit or loss and other comprehensive income with a corresponding credit to the employee compensation reserve.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. The fair value is measured at the grant date using applicable option-pricing models, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

For share award scheme, when the trustee purchases the Company's shares from the open market, the consideration paid, including any directly attributable incremental costs, is presented as share award scheme reserve and deducted from total equity. No gain or loss is recognised on the transactions of the Company's own shares. When the trustee transfers the Company's shares to the grantees upon vesting, the related costs of the granted shares vested are transferred to share award scheme reserve. Accordingly, the related expense of the granted shares vested is transferred from employee compensation reserve. The difference arising from such transfer is debited or credited to retained earnings. At the end of the reporting period, the Group revises its estimates of the number of shares that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in profit or loss with a corresponding adjustment to employee compensation reserve.

(iii) *Bonus plans*

The Group recognises a liability and an expense for bonuses where it has a contractual obligation or where there is a past practice that has created a constructive obligation.

(iv) *Short-term employee benefits*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the reporting date. Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICIES (Continued)

2.12 Employee benefits (Continued)

(v) *Other long-term employee benefits*

The liability for long service leave and annual leave in Australia which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on high-quality corporate bonds with terms and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the consolidated statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

2.13 Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.14 Income taxes

Income tax for the year comprises current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income tax.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill not deductible for tax purposes and initial recognition of assets and liabilities that are not part of the business combination which affect neither accounting nor taxable profits, taxable temporary differences arising on investments in subsidiaries and associates 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 liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised, provided that the deductible temporary differences are not arises from initial recognition of assets and liabilities in a transaction other than in a business combination that affects neither taxable profit nor the accounting profit.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICIES (Continued)

2.14 Income taxes (Continued)

Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period, and reflects any uncertainty related to income taxes.

The carrying amount of deferred tax assets is reviewed at each reporting date 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 assets to be recovered.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if, the entity has a legally enforceable right to set off current tax assets against current tax liabilities and deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either:

- (i) the same taxable entity; or
- (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.15 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major product and service lines.

The Group has identified two reportable and operating segments which is the provision of printing services and book publishing. No segment information is presented other than the analysis of sales and non-current assets by geographical location.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICIES (Continued)

2.15 Segment reporting (Continued)

The measurement policies the Group uses for reporting segment profit under HKFRS 8 are the same as those used in its financial statements prepared under HKFRS Accounting Standards, except that:

- finance costs
- certain corporate expenses
- income tax expense

are not included in arriving at the operating profit of the operating segment.

Segment assets include all assets whilst segment liabilities exclude corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment. These include deferred tax liabilities and liabilities incurred for financing rather than operating purposes.

2.16 Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of key management personnel of the Group or the Company's parent.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICIES (Continued)

2.16 Related parties (Continued)

- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICIES (Continued)

2.17 Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ACCOUNTING STANDARDS

3.1 Adoption of amended HKFRS Accounting Standards

The HKICPA has issued a number of amended HKFRS Accounting Standards that are first effective for the current accounting period of the Group:

| | |
|---|---|
| Amendments to HKAS 21 and HKFRS 1 | Lack of Exchangeability |
| Amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37 | Disclosures about Uncertainties in the Financial Statements |

The Group has not early applied any new or amended HKFRS Accounting Standards that is not yet effective for the current accounting period. Impact on the applications of these amended HKFRS Accounting Standards are summarised below.

Amendments to HKAS 21 and HKFRS 1 – Lack of Exchangeability

The amendments specify when a currency is exchangeable into another currency and when it is not, and how an entity determines a spot rate when a currency lacks exchangeability.

Amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37 – Disclosures about Uncertainties in the Financial Statements

On 13 February 2026, the HKICPA issued Disclosures about Uncertainties in the Financial Statements, which amended multiple HKFRS Accounting Standards to include illustrative examples demonstrating how companies can apply HKFRS Accounting Standards when reporting the effects of uncertainties in their financial statements. The illustrative examples are accompanying materials to HKFRS Accounting Standards and do not have an effective date. The Group has considered these illustrative examples in its preparation of the consolidated financial statements and no additional disclosures or changes in presentation were considered necessary.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ACCOUNTING STANDARDS (Continued)

3.2 New or amended HKFRS Accounting Standards that have been issued but are not yet effective

The following new or amended HKFRS Accounting Standards, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

| | |
|---|---|
| Amendments to HKFRS 9 and HKFRS 7 | Amendments to the Classification and Measurement of Financial Instruments ¹ |
| Amendments to HKFRS 9 and HKFRS 7 | Contracts Referencing Nature-dependent Electricity ¹ |
| Annual improvements to HKFRS Accounting Standards – Volume 11 | Amendments to HKFRS 1 First time adoption of Hong Kong Financial Reporting Standards, HKFRS 7 Financial Instruments: Disclosure, HKFRS 9 Financial Instruments, HKFRS 10 Consolidated Financial Statements, HKAS 7 Statement of Cash Flows ¹ |
| HKFRS 18 | Presentation and Disclosure in Financial Statements ² |
| HKFRS 19 | Subsidiaries without public accountability: disclosure ² |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³ |

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

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

³ The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted.

Amendments to HKFRS 9 and HKFRS 7 – Amendments to Classification and Measurement of Financial Instruments

The amendments include requirements on classification of financial assets with environmental, social or governance (“ESG”) targets and similar features, settlement of financial liabilities through electronic payment systems; and additional disclosures regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent feature.

The amendments include clarifying the application of the ‘own-use’ requirements; permitting hedge accounting if these contracts are used as hedging instruments; and adding new disclosure requirements to enable investors to understand the effect of these contracts on Company's financial performance and cash flows.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ACCOUNTING STANDARDS (Continued)

3.2 New or amended HKFRS Accounting Standards that have been issued but are not yet effective (Continued) *Amendments to HKFRS 9 and HKFRS 7 – Contracts Referencing Nature-dependent Electricity*

Amendments to HKFRS 9 and HKFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted.

Currently, the Group derecognises its financial liabilities upon the issuance of cheques to their creditors. Under the amendments, the Group as a debtor should derecognise trade payable on the settlement date, i.e. the date on which the creditor receives the cash, as oppose to when the Group issues the cheque. Similarly, the Group should derecognise a trade receivable upon receiving cash from the debtor after the cheque has been cleared by the bank. The Group is the process of reviewing the derecognition practices for financial assets and financial liabilities to ensure compliance; and assessing the impact of amendments to the Group's financial statements upon adoption.

Annual improvements to HKFRS Accounting Standards – Amendments to HKFRS 1 First time adoption of Hong Kong Financial Reporting Standards, HKFRS 7 Financial Instruments: Disclosure, HKFRS 9 Financial Instruments, HKFRS 10 Consolidated Financial Statements, HKAS 7 Statement of Cash Flows

The annual improvements contain narrow amendments to HKFRS Accounting Standards and accompanying guidance as part of its regular maintenance of the standards.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ACCOUNTING STANDARDS (Continued)

3.2 New or amended HKFRS Accounting Standards that have been issued but are not yet effective (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 Standard, 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 adoption of HKFRS 18 will not affect the recognition or measurement of items in the consolidated financial statements. It mainly has impacts on presentation and disclosure of income and expenses and adds new disclosure requirement on management-defined performance measures within the consolidated financial statements. So far, the Group considers that the impact of these new and amended standards on the Group's results of operations and financial position will not be material.

HKFRS 19 – Subsidiaries without public accountability: disclosures

HKFRS 19 specifies the disclosure requirements that an entity is permitted to apply to substitute the disclosure requirements in other HKFRS Accounting Standards. The Company's shares are listed and traded in The Stock Exchange of Hong Kong Limited. Therefore, it has public accountability according to HKFRS 19 and does not qualify for electing to apply the standard to prepare its financial statements.

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

The amendments introduce new requirements on loss of control over assets in a transaction with an associate or joint venture. These requirements require the full gain to be recognised when the assets transferred meet the definition of a "business" under HKFRS 3, Business combination.

The directors of the Company do not anticipate that the application of the amendments in the future will have a material impact on the financial statements except amendments to HKFRS 18.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The preparation of the consolidated financial statements requires management to make judgement, estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 2.5. The recoverable amounts of CGUs have been determined based on value-in-use calculations, which require the Group to estimate the future cash flows expected to arise from the CGUs and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise.

(ii) Estimated impairment of non-financial assets

The Group assesses annually whether there are any indicators of impairment for all non-financial assets with the accounting policy stated in Note 2.11. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or CGU and choose a suitable discount rate in order to calculate the present value of those cash flows. For the year ended 31 December 2025 and 2024, no impairment of non-financial assets was recognised in the consolidated statement of profit or loss. Details of the estimates of the recoverable amounts of CGUs containing the non-financial assets are disclosed in Note 17.

(iii) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to the changes in market condition. Management reassesses these estimations at the reporting date.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(iv) Provision for ECLs of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various debtors that have similar loss patterns. The provision matrix is based on management's estimate of the lifetime ECL to be incurred, which is estimated by taking into account the credit loss experience, ageing of overdue trade receivables, customers' repayment history and customers' financial position and an assessment of both the current and forecast general economic conditions, all of which involve a significant degree of management judgement.

The provision of ECLs is sensitive to changes in circumstances and forecast general economic conditions. The information about the ECLs and the Group's trade receivables are disclosed in Notes 19 and 37 respectively. If the financial condition of the customers or the forecast economic conditions were to deteriorate, actual loss allowance would be higher than estimated.

(v) Depreciation

The Group depreciates property, plant and equipment using straight-line method over the estimated useful lives, starting from the date on which the assets are placed into productive use. The estimated useful lives reflect the directors' best estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment.

(vi) Current taxation and deferred taxation

The Group is subject to income taxes in different jurisdictions. Significant judgement is required in determining the amount of the provision of taxation, the timing of the recognition of related tax and whether deferred tax assets are recognised on the statement of financial position.

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final outcome of the tax matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets, including those arising from un-utilised tax losses, require management to assess the likelihood that the Group will generate taxable earnings in future periods, in order to utilise recognised deferred tax assets. Estimates of future taxable earnings in future periods are based on forecasted taxable income.

(vii) Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. REVENUE

Revenue represents the printing income and publishing income earned by the Group during the year. The Group derives its revenue from printing income and publishing income which is recognised on a point in time basis during the years.

Revenue is disaggregated by geographical markets information was disclosed under segment information and revenue disaggregated by major products and service lines and timing of revenue recognition as following tables.

| | 2025 | 2024 |
|--------------------------------------|-----------|-----------|
| | HK\$'000 | HK\$'000 |
| Major products/services lines | | |
| Provision of printing income | 1,560,691 | 1,738,350 |
| Provision of publishing income | 846,522 | 930,236 |
| | 2,407,213 | 2,668,586 |
| Timing of revenue recognition | | |
| At a point in time | 2,407,213 | 2,668,586 |

The following table provides information about contract liabilities from contracts with customers.

| | 2025 | 2024 |
|--------------------------------|----------|----------|
| | HK\$'000 | HK\$'000 |
| Contract liabilities (Note 21) | 47,423 | 37,571 |

Contract liabilities relate to the advances received from customers. HK\$39,027,000 (2024: HK\$48,862,000) of contract liabilities as of 31 December 2024 has been recognised as revenue for the year ended 31 December 2025 from performance obligations satisfied in current year. The Group expected the balance will recognise as revenue within one year.

The Group has applied the practical expedient to its printing income and publishing income, and therefore does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for printing income and publishing income that had an original expected duration of one year or less.

Revenue from single customer included the sales to entities which are, to the best knowledge of the Group, under common control with these customers. No customer was contributing over 10% of the Group total revenue for the year ended 31 December 2025 and 2024.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. SEGMENT INFORMATION

HKFRS 8 “Operating Segments” requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the senior executive management of the Company, the chief operating decision makers (the “CODM”), in order to allocate resources and to assess performance.

The CODM considers that the operation of the Group constitutes two operating and reportable segments as follows:

- (a) Printing – provision of printing services;
- (b) Publishing – provision of publishing services.

The CODM monitors the results of the Group’s operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit or loss before tax. The adjusted profit before tax is measured consistently with the Group’s profit before tax except that finance costs and corporate expenses are excluded from such measurement.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. SEGMENT INFORMATION (Continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

| | Printing | | Publishing | | Elimination | | Consolidation | |
|--------------------------------|-----------|-----------|------------|----------|-------------|-----------|---------------|-----------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Revenue | | | | | | | | |
| – External | 1,560,691 | 1,738,350 | 846,522 | 930,236 | – | – | 2,407,213 | 2,668,586 |
| – Inter-segment | 153,693 | 151,201 | – | – | (153,693) | (151,201) | – | – |
| | 1,714,384 | 1,889,551 | 846,522 | 930,236 | (153,693) | (151,201) | 2,407,213 | 2,668,586 |
| Segment Result | 232,330 | 244,612 | 48,172 | 99,379 | – | – | 280,502 | 343,991 |
| Unallocated corporate expenses | | | | | | | (2,982) | (3,456) |
| Finance cost | | | | | | | (13,723) | (25,353) |
| Profit before income tax | | | | | | | 263,797 | 315,182 |

| | Printing | | Publishing | | Consolidation | |
|--|----------|----------|------------|-----------|---------------|-----------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Other segment information: | | | | | | |
| Additions to property, plant and equipment | 71,941 | 36,086 | 497 | 473 | 72,438 | 36,559 |
| Additions to right-of-use assets | 8,101 | 7,263 | 6,411 | – | 14,512 | 7,263 |
| Additions to pre-publication cost | – | – | 137,256 | 137,802 | 137,256 | 137,802 |
| Bank interest income | 9,681 | 15,375 | 306 | 1,239 | 9,987 | 16,614 |
| Loan interest income | 66 | 66 | – | – | 66 | 66 |
| Depreciation of property, plant and equipment | (47,350) | (43,066) | (2,515) | (2,483) | (49,865) | (45,549) |
| Depreciation of right-of-use assets | (34,287) | (32,226) | (9,909) | (10,221) | (44,196) | (42,447) |
| Amortisation of pre-publication cost | – | – | (127,116) | (116,145) | (127,116) | (116,145) |
| Write off of pre-publication cost | – | – | (6,354) | (4,208) | (6,354) | (4,208) |
| Reversal/(provision) of impairment to trade receivables, net | 4,985 | (2,417) | (127) | 3,160 | 4,858 | 743 |
| (Loss)/gain on financial assets at fair value through profit or loss | (266) | 317 | – | – | (266) | 317 |

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

Deferred tax assets, deferred tax liabilities, goodwill, bank borrowings, corporate assets and corporate liabilities are not allocated to the reportable segments as they are not included in the measure of the segments' assets and segments' liabilities that are used by the CODM for assessment of segment performance. The following table presents the asset and liability information of the Group's operating segments as at 31 December 2025 and 31 December 2024:

| | Printing | Publishing | Consolidation |
|----------------------------|-----------|------------|---------------|
| | HK\$'000 | HK\$'000 | HK\$'000 |
| 31 December 2025 | | | |
| Segment assets | 1,542,459 | 762,373 | 2,304,832 |
| <u>Unallocated</u> | | | |
| Deferred tax assets | | | 56,442 |
| Goodwill | | | 325,754 |
| Group assets | | | 2,687,028 |
| Segment Liabilities | (456,287) | (227,297) | (683,584) |
| <u>Unallocated</u> | | | |
| Deferred tax liabilities | | | (49,206) |
| Bank borrowings | | | (49,337) |
| Group liabilities | | | (782,127) |
| 31 December 2024 | | | |
| Segment assets | 1,486,076 | 749,244 | 2,235,320 |
| <u>Unallocated</u> | | | |
| Deferred tax assets | | | 40,653 |
| Goodwill | | | 314,437 |
| Group assets | | | 2,590,410 |
| Segment Liabilities | (402,503) | (243,427) | (645,930) |
| <u>Unallocated</u> | | | |
| Deferred tax liabilities | | | (38,280) |
| Bank borrowings | | | (163,878) |
| Group liabilities | | | (848,088) |

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. SEGMENT INFORMATION (Continued)

The Group's revenues from external customers and its non-current assets are divided into the following geographical areas.

| | Revenue from external customers | | Non-current assets (excluding deferred tax assets) | |
|----------------------------------|---------------------------------|-----------|--|----------|
| | 2025 | 2024 | 2025 | 2024 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| United States of America ("USA") | 1,076,597 | 1,248,025 | 117,546 | 111,674 |
| Australia | 633,809 | 667,190 | 217,986 | 153,934 |
| United Kingdom ("UK") | 302,957 | 331,079 | 278,582 | 275,478 |
| Spain | 51,245 | 51,931 | – | – |
| Canada | 44,017 | 54,367 | – | – |
| Germany | 32,361 | 33,842 | – | – |
| Italy | 30,874 | 42,806 | – | – |
| France | 25,517 | 31,827 | – | – |
| Chile | 22,127 | 18,960 | – | – |
| Netherlands | 20,748 | 26,091 | – | – |
| Ireland | 16,982 | 11,783 | – | – |
| New Zealand | 14,392 | 9,083 | – | – |
| PRC | 9,313 | 10,566 | 211,863 | 192,747 |
| Mexico | 7,112 | 15,050 | – | – |
| Singapore | 4,409 | 10,169 | 191 | 360 |
| Hong Kong (domicile) | 1,687 | 1,092 | 97,609 | 95,999 |
| Malaysia | 79 | 211 | 76,703 | 68,103 |
| Others | 112,987 | 104,514 | – | – |
| | 2,407,213 | 2,668,586 | 1,000,480 | 898,295 |

Sales by geographical markets are analysed based on the location of customers and the geographical location of non-current assets is based on (1) physical location of the assets (for property, plant and equipment and right-of-use assets) and (2) location of operations (for intangible assets). Hong Kong is considered as the Group's country of domicile for the purpose of the disclosures of geographical analysis of revenue and non-current assets as required by HKFRS 8 "Operating Segment" as the Group has majority of its operation in Hong Kong.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

7. OTHER INCOME

| | 2025 | 2024 |
|---|----------|----------|
| | HK\$'000 | HK\$'000 |
| Sales of scrapped paper and by-products | 19,405 | 19,582 |
| Sales commission | 1,987 | 2,126 |
| Bad debt recovered | 71 | 294 |
| Bank interest income | 9,987 | 16,614 |
| Gain on disposal of financial assets at fair value through profit or loss | – | 317 |
| Gain on disposals of property, plant and equipment | 45 | – |
| Government subsidies | 1,488 | 1,385 |
| Foreign exchange gain, net | 28,580 | 14,507 |
| Loan interest income | 66 | 66 |
| Gain on lease modification | – | 81 |
| Sundry income | 1,885 | 3,676 |
| | 63,514 | 58,648 |

8. FINANCE COSTS

| | 2025 | 2024 |
|---|----------|----------|
| | HK\$'000 | HK\$'000 |
| Interest charges on bank borrowings, which contain repayment on demand clause | 6,610 | 18,339 |
| Interest on lease liabilities (Note 23) | 7,100 | 6,736 |
| Amortisation of debt issuance costs and bank fees | – | 263 |
| Interest on long service payment liabilities (Note 26) | 13 | 15 |
| | 13,723 | 25,353 |

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

9. PROFIT BEFORE INCOME TAX

| | 2025 | 2024 |
|--|-----------|-----------|
| | HK\$'000 | HK\$'000 |
| Profit before income tax is arrived at after charging/(crediting): | | |
| Auditor's remuneration (Note (i) below) | 5,887 | 5,774 |
| Reversal of impairment on trade receivables (Note 19) | (4,858) | (743) |
| Cost of inventories recognised as direct operating costs | 1,612,685 | 1,778,441 |
| Provision/(written back of) for inventories, net, included in cost of inventories recognised as direct operating costs (Note 18) | 2,945 | (711) |
| Depreciation of owned property, plant and equipment (Note 15 and Note (ii) below) | 49,865 | 45,549 |
| Depreciation of right-of-use assets (Note 16 and Note (ii) below) | 44,196 | 42,447 |
| Amortisation of pre-publication costs recognised as direct operating costs (Note 17) | 127,116 | 116,145 |
| Written off of pre-publication costs recognised as direct operating costs (Note 17) | 6,354 | 4,208 |
| Short-term leases expenses | 2,386 | 2,536 |
| Gain on lease modification (Note 16 and Note 23) | – | (81) |
| (Gain)/loss on disposals of property, plant and equipment | (45) | 346 |
| Employee benefit expense, including directors' emoluments (Note 11 and Note (iii) below) | 525,213 | 519,480 |

Notes:

- (i) Auditor's remuneration for other non-audit services of HK\$147,000 was recognised during the year (2024: HK\$163,000).
- (ii) Depreciation of owned property, plant and equipment of HK\$44,320,000 (2024: HK\$40,278,000) and HK\$5,545,000 (2024: HK\$5,271,000) have been included in cost of inventories recognised as direct operating costs and administrative expenses respectively.
- Depreciation of right-of-use assets of HK\$23,862,000 (2024: HK\$21,480,000) and HK\$20,334,000 (2024: HK\$20,967,000) have been included in cost of inventories recognised as direct operating costs and administrative expenses respectively.
- (iii) Employee benefit expense of HK\$293,039,000 (2024: HK\$278,398,000), HK\$118,478,000 (2024: HK\$118,808,000) and HK\$113,696,000 (2024: HK\$122,274,000) have been included in cost of inventories recognised as direct operating costs, selling and distribution costs and administrative expenses respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The aggregate amounts of the emoluments paid or payable to the directors, including the chief executive are as follows:

| | Fee | Salaries and allowances | Retirement benefit scheme contributions | Equity-settled share-based payment expenses | Total |
|---|----------|-------------------------|---|---|----------|
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| 2025 | | | | | |
| Executive directors | | | | | |
| Mr. Lau Chuk Kin | – | 2,100 | – | – | 2,100 |
| Ms. Lam Mei Lan (retired on 31 December 2025) | – | 3,123 | 18 | 290 | 3,431 |
| Non-executive directors | | | | | |
| Mr. Guo Junsheng | 150 | – | – | – | 150 |
| Mr. Li Hoi, David | 150 | – | – | – | 150 |
| Mr. Chu Chun Wan (retired on 31 December 2025) | – | 2,393 | 128 | – | 2,521 |
| Independent non-executive directors | | | | | |
| Prof. Lee Hau Leung | 270 | – | – | 106 | 376 |
| Mr. Ho Tai Wai David | 240 | 240 | – | 106 | 586 |
| Mr. Ng Siu On | 240 | – | – | – | 240 |
| Ms. Ng Cheuk Hei (appointed on 15 October 2025) | 51 | – | – | – | 51 |
| | 1,101 | 7,856 | 146 | 502 | 9,605 |
| 2024 | | | | | |
| Executive directors | | | | | |
| Mr. Lau Chuk Kin | – | 2,160 | – | – | 2,160 |
| Mr. Chu Chun Wan | – | 2,327 | 185 | – | 2,512 |
| Ms. Lam Mei Lan | – | 3,680 | 18 | 348 | 4,046 |
| Non-executive directors | | | | | |
| Mr. Guo Junsheng | 150 | – | – | – | 150 |
| Mr. Li Hoi, David | 150 | – | – | – | 150 |
| Independent non-executive directors | | | | | |
| Prof. Lee Hau Leung | 270 | – | – | 110 | 380 |
| Dr. Ng Lai Man, Carmen (retired on 17 May 2024) | 100 | – | – | – | 100 |
| Mr. Ho Tai Wai David | 240 | 240 | – | 110 | 590 |
| Mr. Ng Siu On (appointed on 1 February 2024) | 220 | – | – | – | 220 |
| | 1,130 | 8,407 | 203 | 568 | 10,308 |

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. The non-executive directors' emoluments shown above were mainly for their services as directors of the Company or its subsidiaries. The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company or its subsidiaries.

During each of the two years ended 31 December 2025 and 2024, none of the directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to the directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included one (2024: one) director whose emolument are reflected in the analysis presented above. Emoluments payable to the remaining four (2024: four) individuals during the year are as follows:

| | 2025 | 2024 |
|---|----------|----------|
| | HK\$'000 | HK\$'000 |
| Salaries, allowances and other benefits | 10,749 | 12,419 |
| Retirement benefit scheme contributions | 643 | 765 |
| Equity-settled share-based payment expenses | – | 240 |
| | 11,392 | 13,424 |

Their emoluments fell within the following bands:

| | Number of individuals | |
|-------------------------------|-----------------------|------|
| | 2025 | 2024 |
| Emolument bands | | |
| HK\$2,500,001 – HK\$3,000,000 | 3 | 3 |
| HK\$3,000,001 – HK\$3,500,000 | 1 | – |
| HK\$3,500,001 – HK\$4,000,000 | – | – |
| HK\$4,000,001 – HK\$4,500,000 | – | – |
| HK\$4,500,001 – HK\$5,000,000 | – | – |
| HK\$5,000,001 – HK\$5,500,000 | – | 1 |
| | 4 | 4 |

During each of the two years ended 31 December 2025 and 2024, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

Emoluments paid or payable to members of senior management were within the following bands:

| | Number of individuals | |
|-------------------------------|-----------------------|------|
| | 2025 | 2024 |
| Emolument bands | | |
| HK\$500,000 to HK\$1,000,000 | 1 | – |
| HK\$1,000,001 – HK\$1,500,000 | 6 | 5 |
| HK\$1,500,001 – HK\$2,000,000 | 2 | 4 |
| HK\$2,000,001 – HK\$2,500,000 | 1 | – |
| HK\$2,500,001 – HK\$3,000,000 | 1 | 2 |

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

11. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

| | 2025 | 2024 |
|---|----------|----------|
| | HK\$'000 | HK\$'000 |
| Directors' fees | 1,101 | 1,130 |
| Wages, salaries and other benefits | 563,865 | 566,477 |
| Equity-settled share-based payments expenses | 2,406 | 3,068 |
| Retirement benefit scheme contributions | 28,260 | 29,046 |
| | 595,632 | 599,721 |
| Less: capitalised as pre-publication cost under intangible assets | (70,419) | (80,241) |
| | 525,213 | 519,480 |

12. INCOME TAX EXPENSE

For years ended 31 December 2025 and 2024, under the two-tiered profits tax rate regime, Hong Kong Profits Tax of the qualifying group entity with chargeable profits in Hong Kong is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million. Profits of group entities chargeable profits in Hong Kong not qualified for the two-tiered profits tax rates regime continue to be taxed at a flat rate of 16.5%.

The Group's subsidiaries in Australia, UK, USA and Singapore are subject to domestic tax rate of 30% (2024: 30%), 25% (2024: 25%), 26% (2024: 26%) and 17% (2024: 17%) respectively on the estimated assessable profits.

Taxation on other overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

| | 2025 | 2024 |
|--|----------|----------|
| | HK\$'000 | HK\$'000 |
| Current tax – Hong Kong Profits Tax | | |
| Tax for the year | 23,280 | 20,271 |
| (Over)/under provision in prior years | (175) | 23 |
| | 23,105 | 20,294 |
| Current tax – other overseas countries | | |
| Tax for the year | 35,126 | 45,809 |
| Over provision in prior years | (2,124) | (3,070) |
| | 33,002 | 42,739 |
| Deferred tax (Note 25) | | |
| Credited during the year | (4,684) | (1,443) |
| | 51,423 | 61,590 |

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

12. INCOME TAX EXPENSE (Continued)

Reconciliation between income tax expense and accounting profit at applicable tax rates is as follows:

| | 2025 | 2024 |
|---|----------|----------|
| | HK\$'000 | HK\$'000 |
| Profit before income tax | 263,797 | 315,182 |
| Notional tax calculated at the rates applicable to the profits in the tax jurisdictions concerned | 54,181 | 68,486 |
| Tax effect of non-taxable income | (1,434) | (5,527) |
| Tax effect of non-deductible expenses | 1,231 | 848 |
| Tax effect of temporary differences not recognised | (1,459) | (2,075) |
| Tax effect of tax losses not recognised | 400 | 397 |
| Utilisation of tax loss previously not recognised | (510) | (402) |
| Over provision in prior years | (2,299) | (3,047) |
| Others | 1,313 | 2,910 |
| Income tax expense | 51,423 | 61,590 |

13. DIVIDENDS AND DISTRIBUTION

- (i) Dividends and distribution attributable to the previous financial year, approved and paid during the interim period, including the interim dividend paid:

| | 2025 | 2024 |
|---|----------|----------|
| | HK\$'000 | HK\$'000 |
| Final dividend paid in respect of prior year of Nil (2024: HK\$0.08) per share | – | 61,600 |
| Second interim dividend paid in respect of prior year of HK\$0.08 (2024: Nil) per share | 61,600 | – |
| Special dividend paid in respect of prior year of HK\$0.02 (2024: Nil) per share | 15,400 | – |
| First interim dividend paid in respect of current year of HK\$0.03 (2024: HK\$0.03) per share | 23,100 | 23,100 |
| First special dividend paid in respect of current year of Nil (2024: HK\$0.015) per share | – | 11,550 |
| Dividend in respect of shares held under share awards scheme | (2,456) | (2,493) |
| | 97,644 | 93,757 |

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. DIVIDENDS AND DISTRIBUTION (Continued)

(ii) Dividends declared after the end of the reporting period:

| | 2025 | 2024 |
|---|----------|----------|
| | HK\$'000 | HK\$'000 |
| Second interim dividend declared of HK\$0.09 (2024: HK\$0.08) per share in lieu of final dividend (Note) | 69,300 | 61,600 |
| Second special dividend declared of Nil (2024: HK\$0.02) per share (Note) | – | 15,400 |
| | 69,300 | 77,000 |

Note:

The amount of the second interim dividend declared for the year ended 31 December 2025, which will be payable in cash, has been calculated by reference to the 770,000,000 issued ordinary shares outstanding as at the date of this report. The second interim dividend and second special dividend are not reflected as dividend payable in the consolidated financial statements.

There are no income tax consequences related to the payment of dividends by the Company to its shareholders.

14. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of approximately HK\$187,668,000 (2024: HK\$214,406,000) and on the weighted average number of ordinary shares in issue less shares held under share award scheme that have not been vested unconditionally to the employees during the year of 753,532,893 (2024: 750,088,248).

For the year ended 31 December 2025, the calculation of diluted earnings per share is based on the profit attributable to owners of the Company of approximately HK\$187,668,000 (2024: HK\$214,406,000) and on the following data:

| | 2025 | 2024 |
|--|------------------|------------------|
| | Number of shares | Number of shares |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | 753,532,893 | 750,088,248 |
| Effect of dilutive potential ordinary shares: | | |
| – Share awards scheme | 7,060,095 | 8,471,432 |
| | 760,592,988 | 758,559,680 |

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

15. PROPERTY, PLANT AND EQUIPMENT

| | Construction in Progress | Land and buildings | Furniture and fixtures | Office equipment | Leasehold improvements | Computer equipment and systems | Motor vehicles | Machinery | Total |
|--|--------------------------|--------------------|------------------------|------------------|------------------------|--------------------------------|----------------|-----------|-----------|
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Year ended 31 December 2024 | | | | | | | | | |
| Opening net book amount | 11,098 | 12,342 | 4,224 | 1,283 | 13,992 | 3,070 | 2,027 | 207,876 | 255,912 |
| Exchange differences | 261 | (340) | 64 | (24) | (256) | (49) | (49) | (7,602) | (7,995) |
| Additions | - | 1,442 | 732 | 220 | 3,355 | 840 | 890 | 29,080 | 36,559 |
| Disposals | - | - | - | (40) | - | (5) | (124) | (954) | (1,123) |
| Reclassification | (11,359) | 11,359 | - | - | - | - | - | - | - |
| Depreciation | - | (636) | (680) | (414) | (3,703) | (1,483) | (626) | (38,007) | (45,549) |
| Closing net book amount | - | 24,167 | 4,340 | 1,025 | 13,388 | 2,373 | 2,118 | 190,393 | 237,804 |
| At 31 December 2024 | | | | | | | | | |
| Cost | - | 42,953 | 11,187 | 9,005 | 85,905 | 19,942 | 5,813 | 534,094 | 708,899 |
| Accumulated depreciation and impairment | - | (18,786) | (6,847) | (7,980) | (72,517) | (17,569) | (3,695) | (343,701) | (471,095) |
| Net book amount | - | 24,167 | 4,340 | 1,025 | 13,388 | 2,373 | 2,118 | 190,393 | 237,804 |
| Year ended 31 December 2025 | | | | | | | | | |
| Opening net book amount | - | 24,167 | 4,340 | 1,025 | 13,388 | 2,373 | 2,118 | 190,393 | 237,804 |
| Exchange differences | - | 1,784 | 364 | 38 | 745 | 117 | 81 | 10,195 | 13,324 |
| Addition through acquisition of business (Note 32) | - | - | - | 39 | 39 | - | 161 | 20,960 | 21,199 |
| Additions | - | 5,456 | 754 | 351 | 10,519 | 1,177 | - | 54,181 | 72,438 |
| Disposals | - | (14) | (1) | - | (18) | (11) | - | (1,524) | (1,568) |
| Depreciation | - | (1,086) | (890) | (380) | (4,260) | (1,320) | (722) | (41,207) | (49,865) |
| Closing net book amount | - | 30,307 | 4,567 | 1,073 | 20,413 | 2,336 | 1,638 | 232,998 | 293,332 |
| At 31 December 2025 | | | | | | | | | |
| Cost | - | 52,369 | 12,474 | 9,679 | 95,593 | 22,862 | 6,194 | 639,924 | 839,095 |
| Accumulated depreciation and impairment | - | (22,062) | (7,907) | (8,606) | (75,180) | (20,526) | (4,556) | (406,926) | (545,763) |
| Net book amount | - | 30,307 | 4,567 | 1,073 | 20,413 | 2,336 | 1,638 | 232,998 | 293,332 |

As at 31 December 2025 and 2024, the Group's land and buildings represented (1) freehold land and buildings of HK\$3,404,000 (2024: HK\$3,380,000), which are situated in Australia; and (2) leasehold buildings of HK\$26,903,000 (2024: HK\$20,787,000), which are situated in Malaysia.

As at 31 December 2024, the property in Malaysia is completed and available for use and the cost of the factory has been reclassified to land and buildings. No interest or borrowing costs was capitalised in 2024.

As at 31 December 2025 and 2024, the Group assessed the property, plant and equipment do not suffer any impairment.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

16. RIGHT-OF-USE ASSETS

| | Leasehold land | Leased properties | Plant and equipment | Total |
|--|-------------------|----------------------|------------------------|----------|
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| At 1 January 2024 | 4,261 | 134,726 | 3,514 | 142,501 |
| Additions | – | 6,083 | 1,180 | 7,263 |
| Depreciation | (146) | (41,057) | (1,244) | (42,447) |
| Lease modification | – | 17,070 | (230) | 16,840 |
| Exchange differences | 80 | (2,997) | (160) | (3,077) |
| At 31 December 2024 and at 1 January 2025 | 4,195 | 113,825 | 3,060 | 121,080 |
| Additions | 1,671 | 11,732 | 1,109 | 14,512 |
| Addition through acquisition of business (Note 32) | – | 7,281 | – | 7,281 |
| Depreciation | (199) | (42,812) | (1,185) | (44,196) |
| Lease modification | – | 43,334 | 59 | 43,393 |
| Exchange differences | 443 | 7,431 | 214 | 8,088 |
| At 31 December 2025 | 6,110 | 140,791 | 3,257 | 150,158 |

The Group's leasehold land are situated in Malaysia with lease term expiring in 2054 – 2055.

As at 31 December 2025 and 2024, the Group leased a number of properties and production equipment for its operations. The leases run for an initial period which ranged from one to seven years (2024: one to ten years) for leased properties and ranged from two to five years (2024: two to five years) for leased plant and equipment. Lease terms are negotiated on an individual basis. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable. There is no extension or termination options and residual value guarantees for these leases. There is no variable lease payments included in lease liabilities.

As at 31 December 2025 and 2024, the Group assessed the right-of-use assets do not suffer any impairment.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

17. INTANGIBLE ASSETS

| | Goodwill | Customer relationship | Pre-publication costs | Backlists | Software | Total |
|--|----------|-----------------------|-----------------------|-----------|----------|-----------|
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| At 1 January 2024 | | | | | | |
| Cost | 341,106 | 9,700 | 414,028 | 4 | 203 | 765,041 |
| Amortisation and impairment | (19,775) | (9,700) | (218,825) | (4) | (203) | (248,507) |
| Net carrying amount | 321,331 | – | 195,203 | – | – | 516,534 |
| Year ended 31 December 2024 | | | | | | |
| Opening net carrying amount | 321,331 | – | 195,203 | – | – | 516,534 |
| Additions | – | – | 137,802 | – | – | 137,802 |
| Written off | – | – | (4,208) | – | – | (4,208) |
| Amortisation | – | – | (116,145) | – | – | (116,145) |
| Exchange differences | (6,894) | – | (1,556) | – | – | (8,450) |
| Closing net carrying amount | 314,437 | – | 211,096 | – | – | 525,533 |
| At 31 December 2024 and 1 January 2025 | | | | | | |
| Cost | 334,212 | 9,700 | 538,674 | 4 | 203 | 882,793 |
| Amortisation and impairment | (19,775) | (9,700) | (327,578) | (4) | (203) | (357,260) |
| Net carrying amount | 314,437 | – | 211,096 | – | – | 525,533 |
| Year ended 31 December 2025 | | | | | | |
| Opening net carrying amount | 314,437 | – | 211,096 | – | – | 525,533 |
| Additions | 3,438 | – | 137,256 | – | – | 140,694 |
| Written off | – | – | (6,354) | – | – | (6,354) |
| Amortisation | – | – | (127,116) | – | – | (127,116) |
| Exchange differences | 7,879 | – | 8,680 | – | – | 16,559 |
| Closing net carrying amount | 325,754 | – | 223,562 | – | – | 549,316 |
| At 31 December 2025 | | | | | | |
| Cost | 345,529 | 9,700 | 727,056 | 4 | 203 | 1,082,492 |
| Amortisation and impairment | (19,775) | (9,700) | (503,494) | (4) | (203) | (533,176) |
| Net carrying amount | 325,754 | – | 223,562 | – | – | 549,316 |

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

17. INTANGIBLE ASSETS (Continued)

Goodwill is allocated to the Group's CGUs, or group of CGUs, based on how the goodwill is monitored for internal management purposes. Summary of goodwill which arose from acquisitions of subsidiaries and business is presented below:

| | 2025 | 2024 |
|--|----------|----------|
| | HK\$'000 | HK\$'000 |
| Asia Pacific Offset Limited ("APOL") | 56,132 | 56,132 |
| Griffin Press Printing Pty Ltd. ("Griffin") | 12,185 | 11,270 |
| Marvel Printing Pty Ltd. ("Marvel") ^{&} | 3,627 | – |
| OPUS Group Pty. Ltd. ("OPUS") | 87,793 | 81,196 |
| Regent Publishing Services Limited ("Regent") | 27,741 | 27,741 |
| The Quarto Group, Inc. ("Quarto") | 138,276 | 138,098 |
| | 325,754 | 314,437 |

& Marvel was acquired in 2025 with the main purpose of expanding the book printing business to bookbinding to acquire business synergies and achieve cost saving. Accordingly, the goodwill which arose from the acquisition of bookbinding business has been allocated from the acquisition date, to the CGU.

The recoverable amounts for the CGUs or group of CGUs were determined based on value-in-use calculations using discounted cash flow technique. These calculations use cash flow projections based on financial budgets approved by management covering a 5-year period, which were mainly based on the actual results of these CGUs or group of CGUs for the current year. Cash flows beyond the 5-year period are extrapolated using the estimated growth rates as stated below. The growth rate does not exceed the long-term average growth rate for the printing business in which the CGUs or group of CGUs operates. The discount rates used for value-in-use calculations are pre-tax and reflect specific risks relating to the relevant CGUs or group of CGUs.

The key assumptions used for recoverable amounts are as follows:

| | Growth rate | | Discount rate | |
|----------------------|-------------|------|---------------|------|
| | 2025 | 2024 | 2025 | 2024 |
| APOL | 0% | 0% | 15% | 14% |
| Griffin | 0% | 0% | 16% | 15% |
| Marvel | 0% | N/A | 16% | N/A |
| OPUS | 0% | 0% | 11% | 11% |
| Papercraft CGU Group | 0% | 0% | 17% | 12% |
| Quarto | 0% | 0% | 16% | 16% |
| Regent | 0% | 0% | 14% | 15% |

Apart from the considerations described above in determining the recoverable amounts of the CGUs or group of CGUs, management is not aware of any other probable changes that would necessitate changes in the key assumptions.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

17. INTANGIBLE ASSETS (Continued)

As at 31 December 2025, management determines that the CGUs or group of CGUs containing goodwill do not suffer any impairment.

During the year, the Group spent HK\$137,256,000 (2024: HK\$137,802,000) on development of book titles prior to their publication. No borrowing costs have been capitalised in current year.

As at 31 December 2025 and 2024, the Group reviewed the carrying amount of the pre-publication cost to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use based on an internal discounted cash flow valuation.

As at 31 December 2025 and 2024, the Group assessed the probability of expected future economic benefits from unpublished titles and written off those unpublished titles when no future economic benefits are expected from its use or disposal. Pre-publication costs with carry amount HK\$6,354,000 (2024: HK\$4,208,000) has been written off and recognised in direct operating costs after the assessment.

18. INVENTORIES

| | 2025 | 2024 |
|----------------------------------|----------|----------|
| | HK\$'000 | HK\$'000 |
| Raw materials | 208,712 | 212,732 |
| Work-in-progress | 45,940 | 58,992 |
| Finished goods | 156,403 | 156,061 |
| Less: provision for obsolescence | (41,431) | (37,147) |
| | 369,624 | 390,638 |

During the year, the Group wrote back provision for inventories of HK\$2,528,000 (2024: HK\$6,226,000) made in prior years as the related inventories were sold above their net written down value during the year. The Group also made provision for inventories of HK\$5,473,000 (2024: HK\$5,515,000) during the year for its slow moving inventories. These amounts are included in "direct operating costs" in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

19. TRADE AND OTHER RECEIVABLES AND DEPOSITS

| | 2025 | 2024 |
|---|----------|----------|
| | HK\$'000 | HK\$'000 |
| Trade receivables | 562,925 | 651,743 |
| Less: Provision for impairment of trade receivables | (16,932) | (22,590) |
| Trade receivables, net | 545,993 | 629,153 |
| Prepayment and other receivables | 111,042 | 113,716 |
| Deposits | 10,660 | 17,258 |
| | 667,695 | 760,127 |

Movements in provision for impairment losses of trade receivables are as follows:

| | 2025 | 2024 |
|--|----------|----------|
| | HK\$'000 | HK\$'000 |
| Balance at the beginning of the year | 22,590 | 30,752 |
| Amount written off during the year | (1,540) | (6,678) |
| Impairment losses reversed during the year (Note 9) | (4,858) | (743) |
| Impairment losses recovered during the year (Note 7) | (71) | (294) |
| Exchange difference | 811 | (447) |
| Balance at the end of the year | 16,932 | 22,590 |

The Group recognised provision for impairment of trade receivables based on the accounting policy in Note 2.7.

Ageing analysis of gross carrying amounts of trade receivables as at 31 December 2025, based on the invoice date, is as follows:

| | 2025 | 2024 |
|-------------------------|----------|----------|
| | HK\$'000 | HK\$'000 |
| 0 – 30 days | 211,873 | 226,997 |
| 31 – 60 days | 161,944 | 177,857 |
| 61 – 90 days | 96,367 | 88,746 |
| 91 – 120 days | 51,955 | 71,627 |
| 121 – 150 days | 19,076 | 28,998 |
| Over 150 days | 21,710 | 57,518 |
| Total trade receivables | 562,925 | 651,743 |

In general, the Group allows a credit period from 30 to 150 days (2024: 30 to 150 days) to its customers.

The directors consider that the fair values of trade receivables are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

19. TRADE AND OTHER RECEIVABLES AND DEPOSITS (Continued)

As mentioned in Note 2.7(ii), the Group applied the simplified approach to provide the expected credit losses prescribed by HKFRS 9. Reversal of impairment losses of HK\$4,858,000 (2024: HK\$743,000) was made against the gross amounts of trade receivables during the year. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 37(a).

As at 31 December 2025 and 2024, the Group did not hold any collateral as security or other credit enhancements over the impaired trade receivables.

As at 31 December 2025, there are deposits for acquisition of property, plant and equipment of HK\$7,674,000 (2024: HK\$13,878,000).

20. PLEDGED DEPOSITS/CASH AND CASH EQUIVALENTS

As at 31 December 2025, deposits of HK\$229,000 (2024: HK\$209,000) has been pledged as securities for the banking guarantee facilities of a subsidiary.

Cash at banks earned interest at floating rates based on the daily bank deposits rates during the year.

As at 31 December 2025, included in cash and cash equivalents of the Group was HK\$7,178,000 (2024: HK\$8,739,000) of bank balances denominated in Renminbi ("RMB") placed with the banks in the PRC. RMB is not a freely convertible currency. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through the banks that are authorised to conduct foreign exchange business.

21. TRADE AND OTHER PAYABLES

| | 2025 | 2024 |
|---------------------------------------|----------|----------|
| | HK\$'000 | HK\$'000 |
| Trade payables | 136,930 | 150,403 |
| Other payables and accruals – current | 309,832 | 304,852 |
| Other payables – non-current | 8,041 | – |
| | 454,803 | 455,255 |

As at 31 December 2025, ageing analysis of trade payables based on invoice date is as follows:

| | 2025 | 2024 |
|---------------|----------|----------|
| | HK\$'000 | HK\$'000 |
| 0 – 30 days | 80,381 | 91,177 |
| 31 – 60 days | 29,615 | 27,941 |
| 61 – 90 days | 10,942 | 14,621 |
| 91 – 120 days | 10,895 | 12,336 |
| Over 120 days | 5,097 | 4,328 |
| | 136,930 | 150,403 |

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

21. TRADE AND OTHER PAYABLES (Continued)

Credit terms granted by the suppliers are generally 0 to 90 days (2024: 0 to 90 days). All amounts are short term and hence the carrying values of trade and other payables are considered to be a reasonable approximation to their fair values.

Breakdown of other payables and accruals:

| | 2025 | 2024 |
|---|----------|----------|
| | HK\$'000 | HK\$'000 |
| Staff costs and commission payables | 26,827 | 30,708 |
| Volume rebate payables | 50,806 | 48,908 |
| Severance payment provision | 56,938 | 52,579 |
| Contract liabilities (Note (i)) | 47,423 | 37,571 |
| Accrued charges | 6,304 | 5,630 |
| Royalty payables | 28,957 | 33,203 |
| Sales return provision | 34,127 | 41,834 |
| Deferred consideration (Note (ii) and 32) | 8,041 | – |
| Others | 58,450 | 54,419 |
| | 317,873 | 304,852 |

Notes:

- (i) All contract liabilities at year ends arose from sales of goods. The Group may take a certain deposit on acceptance of the order, with the remainder of the consideration payable at the delivery of the finished goods. The deposits remain as contract liabilities until such time as the goods are delivered. No element of financing is deemed present as the sales are made with a credit term which is consistent with market practice.

Movements in contract liabilities:

| | 2025 | 2024 |
|---|----------|-----------|
| | HK\$'000 | HK\$'000 |
| At 1 January | 37,571 | 49,596 |
| Amount recognised as revenue during the year | (97,697) | (115,088) |
| Amount received in advance from customers during the year | 106,093 | 103,352 |
| Exchange difference | 1,456 | (289) |
| At 31 December | 47,423 | 37,571 |

The Group expected the balance will recognise as revenue within one year.

- (ii) The balance represented the deferred consideration for acquiring the bookbinding and print finishing business and assets, to be settled on 16 May 2028. The deferred consideration was measured at fair value based on the adjustment of the earnout amount stated in the business acquisition agreement.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

22. BANK BORROWINGS

| | 2025 | 2024 |
|--|----------|----------|
| | HK\$'000 | HK\$'000 |
| Current portion | | |
| – Bank loans due for repayment within one year or contain a repayment on demand clause | 49,337 | 163,878 |

As at 31 December 2025, bank borrowings of approximately HK\$49,337,000 (2024: HK\$163,878,000) are supported by the corporate guarantees by the Company and interest bearing at floating rates.

The ranges of interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

| | 2025 | 2024 |
|--------------------------|-----------------------------------|-----------------------------------|
| Variable-rate borrowings | HIBOR+1.8% SOFR+ margin (2.1%) | HIBOR+1.8% SOFR+ margin (2.1%) |

No interest was capitalised for the years ended 31 December 2025 and 2024.

Assuming that the banks do not exercise the clause for repayment on demand and based on the repayment dates as scheduled in the loan agreements, the Group's bank borrowings are due for repayments, as at each of the reporting dates, as follows:

| | 2025 | 2024 |
|------------------------------------|----------|----------|
| | HK\$'000 | HK\$'000 |
| Within one year | 49,337 | 126,211 |
| In the second year | – | 37,667 |
| Wholly repayable within five years | 49,337 | 163,878 |

Effective interest rates of bank borrowings range from 2.34% to 6.27% (2024: from 5.51% to 7.42%) per annum for the year.

The carrying amounts of the Group's bank borrowings which are denominated in the following currencies are as follows:

| | 2025 | 2024 |
|------|----------|----------|
| | HK\$'000 | HK\$'000 |
| HK\$ | 37,667 | 144,453 |
| US\$ | 11,670 | 19,425 |
| | 49,337 | 163,878 |

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

23. LEASES

| | 2025 | 2024 |
|--|----------|----------|
| | HK\$'000 | HK\$'000 |
| Balance as at 1 January | 135,541 | 155,713 |
| Addition through acquisition of business (Note 32) | 7,572 | – |
| Additions | 12,469 | 7,263 |
| Lease modifications | 43,393 | 16,759 |
| Interest expense | 7,100 | 6,736 |
| Lease payments | (50,643) | (47,338) |
| Exchange adjustments | 8,431 | (3,592) |
| Balance as at 31 December | 163,863 | 135,541 |
| Represented by: | | |
| Current liabilities | 42,184 | 31,292 |
| Non-current liabilities | 121,679 | 104,249 |
| | 163,863 | 135,541 |

Future lease payments are due as follows:

| | Minimum lease payments | Interest | Present value |
|----------------------------------|------------------------|----------|---------------|
| | HK\$'000 | HK\$'000 | HK\$'000 |
| As at 31 December 2025 | | | |
| Due within one year | 48,449 | 6,265 | 42,184 |
| Due in the second to fifth years | 85,537 | 7,789 | 77,748 |
| Due over fifth year | 47,077 | 3,146 | 43,931 |
| | 181,063 | 17,200 | 163,863 |
| As at 31 December 2024 | | | |
| Due within one year | 36,294 | 5,002 | 31,292 |
| Due in the second to fifth years | 94,296 | 10,920 | 83,376 |
| Due over fifth year | 21,569 | 696 | 20,873 |
| | 152,159 | 16,618 | 135,541 |

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(a) Recurring fair value measurements

| | 2025 Level 3 | 2024 Level 3 |
|--|-----------------|-----------------|
| | HK\$'000 | HK\$'000 |
| Financial assets at fair value through profit or loss: | | |
| Investment of unlisted preference stock | 2,456 | – |
| Net fair values | 2,456 | – |

(b) Fair values of financial instruments carried at other than fair value

Trade and other receivables, trade and other payables, cash and cash equivalents, bank borrowings and lease liabilities are carried at amortised cost which are not materially different from their fair values as at 31 December 2025 and 31 December 2024.

(c) Measurement of fair values

The fair values of investment of unlisted preferred stock investment have been valued using the option pricing method and valued under Level 3 of the fair value hierarchy.

25. DEFERRED TAX ASSETS/LIABILITIES

Deferred taxation is calculated on temporary differences under liability method using the rates of taxation prevailing in the countries in which the Group operates.

Details of deferred tax assets/(liabilities) recognised and movement during the current and prior years are as follows:

| | Fair value arising | | | | | | | | | | | | | | | |
|---|------------------------------|---------|--------------------------------|-------|---------------------------------|---------|---------------------------|-------|------------------------------------|--------|------------------------------|---------|-------------------|----------|-------|-------|
| | Accelerated tax depreciation | | from acquisition of subsidiary | | Impairment of trade receivables | | Write-down of inventories | | Provisions and accruals and others | | PRC dividend withholding tax | | Intangible Assets | | Total | |
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| At 1 January | (8,315) | (9,744) | (92) | (184) | 1,992 | 3,044 | 6,077 | 6,549 | 39,097 | 36,589 | (4,482) | (3,625) | (31,904) | (31,417) | 2,373 | 1,212 |
| Additions through acquisition of business (Note 32) | – | – | – | – | – | – | – | – | 835 | – | – | – | – | – | 835 | – |
| (Charged)/credited to profit or loss for the current year (Note 12) | 24 | 1,202 | 43 | 92 | (678) | (1,042) | 1,350 | (429) | 369 | 3,439 | (470) | (956) | 4,046 | (863) | 4,684 | 1,443 |
| Exchange differences | 255 | 227 | – | – | 9 | (10) | 114 | (43) | 1,090 | (931) | – | 99 | (2,124) | 376 | (656) | (282) |
| At 31 December | (8,036) | (8,315) | (49) | (92) | 1,323 | 1,992 | 7,541 | 6,077 | 41,391 | 39,097 | (4,952) | (4,482) | (29,982) | (31,904) | 7,236 | 2,373 |



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

25. DEFERRED TAX ASSETS/LIABILITIES (Continued)

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

| | 2025 | 2024 |
|--------------------------|----------|----------|
| | HK\$'000 | HK\$'000 |
| Deferred tax assets | 56,442 | 40,653 |
| Deferred tax liabilities | (49,206) | (38,280) |
| | 7,236 | 2,373 |

Pursuant to the PRC Corporate Income Tax Law, 10% withholding tax is levied on dividends declared to foreign investment enterprises established in the PRC effective from 1 January 2008. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. The applicable rate to the Group is 5%. The Group is liable to withholding taxes on dividends distributed by the subsidiary established in the PRC in respect of earnings generated from 1 January 2008. As at 31 December 2025 and 2024, deferred tax liabilities HK\$4,952,000 and HK\$4,482,000 have been recognised in respect of the tax that would be payable on the distribution of the retained profits of the Group's subsidiary established in the PRC.

At the reporting date, deferred tax asset has not been recognised for the follows:

| | 2025 | 2024 |
|-----------------------|----------|----------|
| | HK\$'000 | HK\$'000 |
| Unutilised tax losses | 56,387 | 55,139 |

As at 31 December 2025 and 2024, deferred tax asset in respect of unused tax losses amounting to HK\$14,136,000 and HK\$13,737,000 in aggregate has not been recognised in the consolidated financial statements due to the unpredictability of future profit streams against which the tax losses can be utilised. All tax losses had no expiry dates under the current tax legislation. There were no other significant temporary differences not recognised as deferred tax assets as at 31 December 2025 and 2024.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

26. PROVISIONS

| | 2025 | 2024 |
|--|----------|----------|
| | HK\$'000 | HK\$'000 |
| Current portion: | | |
| Employee benefit liabilities for annual leave and time in lieu | 12,430 | 10,460 |
| Employee benefit liabilities for long service leave (Note (i)) | 18,667 | 14,902 |
| Leasehold dilapidations (Note (ii)) | – | 2,273 |
| Others | 145 | 145 |
| Total current portion | 31,242 | 27,780 |
| Non-current portion: | | |
| Employee benefit liabilities for long service leave (Note (i)) | 1,844 | 1,426 |
| Leasehold dilapidations (Note (ii)) | 2,888 | – |
| Long service payment (“LSP”) liabilities (Note (iii)) | 360 | 391 |
| Total non-current portion | 5,092 | 1,817 |
| | 36,334 | 29,597 |

Notes:

- (i) Long service leave in Australia covers all unconditional entitlements where employees have completed the required period of service and also where employees are entitled to pro-rata payments in certain circumstances. These are classified as current liabilities in cases where the Group does not have an unconditional right to defer settlement. For employees who have not completed the required period of service, their entitlements of long service leave is classified as non-current liabilities.
- (ii) Leasehold dilapidations relate to the estimated cost of re-installment of the leasehold properties to its original state at the end of the lease in accordance with the lease terms. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease. The amounts were classified as current or non-current liabilities when the relevant leases will be expired within one year or over one year from the reporting date respectively.
- (iii) Under Employment Ordinance, Cap. 57, an employee who has been employed under a continuous contract for not less than 5 years of service is eligible for LSP under the following circumstances:
- The employee resigns at age of 60 – 65 or above;
 - The employee dies during employment;
 - The employee resigns on ground of ill health;
 - The fixed term employment contract expires without being renewed;
 - The employee is dismissed which is not because of redundancy or serious misconduct.

The LSP benefit is determined with reference to the employee’s last full month’s salary (capped at HK\$22,500) and number of years of service. The LSP benefit is capped at HK\$390,000 for each eligible employee. The accrued benefits derived from the Group’s mandatory contributions under the mandatory provident fund (“MPF”) scheme in respect of that employee can be used to offset the LSP benefit.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

26. PROVISIONS (Continued)

Notes: (Continued)

(iii) (Continued)

Under the Mandatory Provident Fund Schemes Ordinance, Cap. 485, the Group, as an employer, is required to make mandatory MPF contribution at 5% of the employee's monthly salary (capped at HK\$1,500). The Group makes the contribution to separate trustees. MPF scheme has attributes of a defined contribution plan.

In June 2022, Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 ("the Amendment Ordinance") was enacted. The Amendment Ordinance abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset LSP ("the Abolition"). Subsequently, the Government of HKSAR announced that the Abolition will take effect on 1 May 2025 ("the Transition Date").

The following took effect since the early adoption in 2023:

- Accrued benefits derived from employers' mandatory MPF contributions cannot be used to offset the LSP in respect of the employment period after the Transition Date.
- The pre-transition LSP is calculated using the last month's salary immediately preceding the Transition Date, instead of using the last month's salary of employment termination date.

The group has determined that the Amendment Ordinance primarily impacts the group's LSP liability with respect to Hong Kong employees that do not participate in the group's Occupational Retirement Schemes Ordinance plans.

The present value of unfunded obligations and its movements are as follows:

| | 2025 | 2024 |
|--|----------|----------|
| | HK\$'000 | HK\$'000 |
| At 1 January | 391 | 318 |
| Expenses recognised in profit or loss during the year: | | |
| Current service cost | 25 | 20 |
| (Reversal of provision)/provision made | (15) | 38 |
| Long service payment paid | (54) | – |
| Interest cost | 13 | 15 |
| At 31 December | 360 | 391 |

The weighted average duration of the defined benefit obligation is 16 years (2024: 15 years).

The above expenses are recognised in the following line items in the consolidated statement of profit or loss:

| | 2025 | 2024 |
|------------------------------|----------|----------|
| | HK\$'000 | HK\$'000 |
| Selling & distribution costs | (28) | 12 |
| Administrative expenses | 3 | 8 |
| | (25) | 20 |

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

26. PROVISIONS (Continued)

Significant actuarial assumptions (expressed as weighted averages) are as follows:

| | 2025 | 2024 |
|---|-------|-------|
| Discount rate | 3.46% | 3.88% |
| Future salary increases | 3.50% | 3.05% |
| Expected investment return on offsetable MPF accrued benefits | 3.04% | 3.7% |

27. SHARE CAPITAL

| | 2025 | | 2024 | |
|--|------------------|--------------------|------------------|--------------------|
| | Number of shares | Amount HK\$'000 | Number of shares | Amount HK\$'000 |
| Ordinary shares of HK\$0.01 each | | | | |
| At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025 | 1,500,000,000 | 15,000 | 1,500,000,000 | 15,000 |
| Issued and fully paid: | | | | |
| At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025 | 770,000,000 | 7,700 | 770,000,000 | 7,700 |

28. SHARE-BASED EMPLOYEE COMPENSATION

Share award scheme of the Company

A share award scheme (the "Share Award Scheme") was adopted by the Company on 30 December 2013. The purpose of the Share Award Scheme is to recognise and motivate the contribution of participants and to incentivise them to further the operation and development of the Group and to attract suitable personnel for the Group. A trust has been set up and fully funded by the Company for the purpose of purchasing, administering and holding the Company's shares for the Share Award Scheme. Total number of shares which may be granted to the selected participants under the Share Award Scheme shall not exceed 10% of the total issued share capital (i.e. 77,000,000 shares) of the Company as at the adoption date. The maximum number of shares which may be awarded to a selected participant under the scheme shall not exceed 1% of the issued share capital (i.e. 7,700,000 shares) of the Company as at the adoption date. The Share Award Scheme shall be valid and effective for a term of ten years commencing from the adoption date and was expired on 30 December 2023.

During the year ended 31 December 2025, equity-settled share-based payment expenses of HK\$2,406,000 (2024: HK\$3,068,000) were recognised in profit or loss.

Eligible participants

The eligible participants of the Share Award Scheme are employees (including any executive and non-executive director of any member of the Group) and agents (the person who render his service exclusively for any Group Company in relation to sale of products or service of the Group).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

28. SHARE-BASED EMPLOYEE COMPENSATION (Continued)

Share award scheme of the Company (Continued)

Total number of shares available for grant

The Share Award Scheme was expired on 30 December 2023. No shares are available for grant.

Exercisable period under the Share Award Scheme

No exercise period for awarded shares was set.

Vesting period

The vesting period of the share awards shall be determined by the Board at the time of grant of such share awards.

Acceptance price

No consideration is payable on application or acceptance of an award under the Share Award Scheme.

Basic of determining the purchase price of shares awarded

The purchase price of each awarded share shall be determined by the Board at the time of grant of the share awards under the Share Awards Scheme.

Remaining life of the Share Award Scheme

The Share Award Scheme was expired on 30 December 2023.

Details of the share awards granted are as follows:

For the year ended 31 December 2025

| Category/Name | Date of approval by Board | Date of award | Number of awarded shares | Fair value per share at date of grant | Vesting period | Outstanding as at 1 January 2025 | Lapsed during the year | Vested during the year | Outstanding as at 31 December 2025 | Closing price per share before date of grant |
|---|---------------------------|---------------|--------------------------|---------------------------------------|------------------|----------------------------------|------------------------|------------------------|------------------------------------|--|
| | | | | HK\$ | | | | | | HK\$ |
| Directors | | | | | | | | | | |
| Lam Mei Lan (retired on 31 December 2025) | 16.11.2020 | 16.11.2020 | 2,560,000 | 0.68 | 60 months | 2,560,000 | - | (2,560,000) | - | 0.70 |
| Lee Hau Leung | 20.12.2023 | 20.12.2023 | 200,000 | 1.10 | 24 months | 200,000 | - | (200,000) | - | 1.10 |
| Ho Tai Wai David | 20.12.2023 | 20.12.2023 | 200,000 | 1.10 | 24 months | 200,000 | - | (200,000) | - | 1.10 |
| | | | | | Sub-total | 2,960,000 | - | (2,960,000) | - | |

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

28. SHARE-BASED EMPLOYEE COMPENSATION (Continued)

Share award scheme of the Company (Continued)

Details of the share awards granted are as follows:

For the year ended 31 December 2025

| Category/Name | Date of approval by Board | Date of award | Number of awarded shares | Fair value per share at date of grant | Vesting period | Outstanding as at 1 January 2025 | Lapsed during the year | Vested during the year | Outstanding as at 31 December 2025 | Closing price per share before date of grant |
|-----------------|---------------------------|---------------|--------------------------|---------------------------------------|------------------|----------------------------------|------------------------|------------------------|------------------------------------|--|
| | | | | HK\$ | | | | | | HK\$ |
| Other employees | 30.09.2020 | 30.09.2020 | 1,876,000 | 0.65 | 61 months | 1,876,000 | - | (1,876,000) | - | 0.65 |
| | 30.09.2020 | 30.10.2020 | 56,000 | 0.69 | 52 months | 56,000 | - | (56,000) | - | 0.69 |
| | 30.09.2020 | 30.10.2020 | 500,000 | 0.69 | 53 months | 500,000 | - | (500,000) | - | 0.69 |
| | 30.09.2020 | 30.10.2020 | 10,624,000 | 0.69 | 60 months | 9,240,000 | (160,000) | (9,080,000) | - | 0.69 |
| | 30.09.2020 | 30.10.2020 | 1,000,000 | 0.69 | 65 months | 1,000,000 | - | - | 1,000,000 | 0.69 |
| | 30.09.2020 | 30.10.2020 | 116,000 | 0.69 | 76 months | 116,000 | - | - | 116,000 | 0.69 |
| | 30.09.2020 | 30.10.2020 | 1,000,000 | 0.69 | 77 months | 1,000,000 | (1,000,000) | - | - | 0.69 |
| | 16.11.2020 | 16.11.2020 | 860,000 | 0.68 | 67 months | 860,000 | - | - | 860,000 | 0.70 |
| | 01.09.2022 | 01.09.2022 | 1,400,000 | 0.93 | 38 months | 1,400,000 | - | (1,400,000) | - | 0.94 |
| | | | | | Sub-total | 16,048,000 | (1,160,000) | (12,912,000) | 1,976,000 | |
| Total | | | | | | 19,008,000 | (1,160,000) | (15,872,000) | 1,976,000 | |

For the year ended 31 December 2024

| Category/Name | Date of approval by Board | Date of award | Number of awarded shares | Fair value per share at date of grant | Vesting period | Outstanding as at 1 January 2024 | Lapsed during the year | Vested during the year | Outstanding as at 31 December 2024 | Closing price per share before date of grant |
|--|---------------------------|---------------|--------------------------|---------------------------------------|----------------|----------------------------------|------------------------|------------------------|------------------------------------|--|
| | | | | HK\$ | | | | | | HK\$ |
| Directors | | | | | | | | | | |
| Lam Mei Lan | 16.11.2020 | 16.11.2020 | 2,560,000 | 0.68 | 60 months | 2,560,000 | - | - | 2,560,000 | 0.70 |
| Lee Hau Leung | 20.12.2023 | 20.12.2023 | 200,000 | 1.10 | 24 months | 200,000 | - | - | 200,000 | 1.10 |
| Ho Tai Wai David | 20.12.2023 | 20.12.2023 | 200,000 | 1.10 | 24 months | 200,000 | - | - | 200,000 | 1.10 |
| | | | | | | Sub-total | 2,960,000 | - | 2,960,000 | |
| Five Highest Paid Individual 2024 (excluding Directors) | | | | | | | | | | |
| | 30.09.2020 | 30.09.2020 | 1,876,000 | 0.65 | 61 months | 1,876,000 | - | - | 1,876,000 | 0.65 |
| | | | | | | Sub-total | 1,876,000 | - | 1,876,000 | |



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

28. SHARE-BASED EMPLOYEE COMPENSATION (Continued)

Share award scheme of the Company (Continued)

| Category/Name | Date of approval by Board | Date of award | Number of awarded shares | Fair value per share at date of grant | Vesting period | Outstanding as at 1 January 2024 | Lapsed during the year | Vested during the year | Outstanding as at 31 December 2024 | Closing price per share before date of grant |
|-----------------|---------------------------|---------------|--------------------------|---------------------------------------|----------------|----------------------------------|------------------------|------------------------|------------------------------------|--|
| | | | | HK\$ | | | | | | HK\$ |
| Other employees | 30.09.2020 | 30.10.2020 | 500,000 | 0.69 | 41 months | 500,000 | - | (500,000) | - | 0.69 |
| | 30.09.2020 | 30.10.2020 | 56,000 | 0.69 | 52 months | 56,000 | - | - | 56,000 | 0.69 |
| | 30.09.2020 | 30.10.2020 | 500,000 | 0.69 | 53 months | 500,000 | - | - | 500,000 | 0.69 |
| | 30.09.2020 | 30.10.2020 | 10,624,000 | 0.69 | 60 months | 10,008,000 | (768,000) | - | 9,240,000 | 0.69 |
| | 30.09.2020 | 30.10.2020 | 1,000,000 | 0.69 | 65 months | 1,000,000 | - | - | 1,000,000 | 0.69 |
| | 30.09.2020 | 30.10.2020 | 116,000 | 0.69 | 76 months | 116,000 | - | - | 116,000 | 0.69 |
| | 30.09.2020 | 30.10.2020 | 1,000,000 | 0.69 | 77 months | 1,000,000 | - | - | 1,000,000 | 0.69 |
| | 16.11.2020 | 16.11.2020 | 428,000 | 0.68 | 43 months | 428,000 | - | (428,000) | - | 0.70 |
| | 16.11.2020 | 16.11.2020 | 860,000 | 0.68 | 67 months | 860,000 | - | - | 860,000 | 0.70 |
| | 01.09.2022 | 01.09.2022 | 228,000 | 0.93 | 24 months | 228,000 | - | (228,000) | - | 0.94 |
| | 01.09.2022 | 01.09.2022 | 1,400,000 | 0.93 | 38 months | 1,400,000 | - | - | 1,400,000 | 0.94 |
| | | | | | Sub-total | 16,096,000 | (768,000) | (1,156,000) | 14,172,000 | |
| Total | | | | | | 20,932,000 | (768,000) | (1,156,000) | 19,008,000 | |

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

29. RESERVES

Group

Movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 045 to 046. Nature and purpose of the reserves is as follows:

- (a) **Share premium**
The application of the share premium account is governed by Section 40 of Bermuda Companies Act 1981 (as amended).
- (b) **Exchange reserve**
Exchange differences arising from the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Hong Kong Dollars) are recognised directly in other comprehensive income and accumulated in the exchange reserve. The reserve is dealt with in accordance with the accounting policy of foreign currencies.
- (c) **Merger reserve**
This represented the difference between the par value of the shares of the Company issued in exchange for the entire share capital of 1010 Group Limited pursuant to the group reorganisation on 20 June 2011.
- (d) **Contributed surplus**
The contributed surplus represents the difference between the costs of investment in subsidiaries acquired pursuant to the Group's reorganisation prior to the listing of the Company's shares and the nominal value of the Company's shares issued in exchange thereof.
- The Company's reserves available for distribution comprise its contributed surplus and retained earnings.
- Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if:
- (i) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.
- (e) **Other reserve**
This represents the difference between the proportionate share of the carrying amount of its subsidiaries' net assets and the consideration paid for the additional interests when the Group acquired non-controlling interests.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

29. RESERVES (Continued)

Group (Continued)

(f) Statutory reserve

In accordance with the relevant laws and regulations of the PRC, the PRC subsidiary is required to appropriate 10% of its profit after tax, prepared in accordance with the accounting regulation in the PRC, to the statutory reserve fund until the statutory reserve balance reaches 50% of the registered capital. Such reserve may be used to reduce any losses incurred or to increase capital.

(g) Employee compensation reserve

This represented cumulative expenses recognised in respect of the granting of share awards to the employees over the vesting period.

(h) Share award scheme reserve

For share award scheme, when the trustee purchases the Company's shares from the open market, the consideration paid, including any directly attributable incremental costs, is presented as share award scheme reserve and deducted from total equity.

Company

Movements of the Company's reserves are as follows:

| | Share premium | Contributed surplus | Proposed dividend | Employee compensation reserve | Shares award scheme reserve | Retained earnings | Total |
|--|---------------|---------------------|-------------------|-------------------------------|-----------------------------|-------------------|----------|
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Balance as at 1 January 2024 | 173,078 | 310,125 | 61,600 | 8,893 | (15,056) | 20,235 | 558,875 |
| Recognition of equity-settled share-based payment expenses | - | - | - | 3,068 | - | - | 3,068 |
| Share vested under share award scheme | - | - | - | (848) | 845 | 3 | - |
| Lapsed of shares under share award scheme | - | - | - | (336) | - | 336 | - |
| Profit for the year | - | - | - | - | - | 109,187 | 109,187 |
| Dividend income in relation to share award | - | - | - | - | - | 2,493 | 2,493 |
| 2023 final dividend paid | - | - | (61,600) | - | - | - | (61,600) |
| 2024 first interim dividend paid | - | - | - | - | - | (23,100) | (23,100) |
| 2024 first special dividend paid | - | - | - | - | - | (11,550) | (11,550) |
| Balance as at 31 December 2024 and 1 January 2025 | 173,078 | 310,125 | - | 10,777 | (14,211) | 97,604 | 577,373 |
| Recognition of equity-settled share-based payment expenses | - | - | - | 2,406 | - | - | 2,406 |
| Share vested under share award scheme | - | - | - | (11,337) | 11,599 | (262) | - |
| Share sold under share award scheme | - | - | - | - | 730 | 666 | 1,396 |
| Lapsed of shares under share award scheme | - | - | - | (590) | - | 590 | - |
| Profit for the year | - | - | - | - | - | 75,018 | 75,018 |
| Dividend income in relation to share award | - | - | - | - | - | 2,456 | 2,456 |
| 2024 second interim and special dividend paid | - | - | - | - | - | (77,000) | (77,000) |
| 2025 first interim dividend paid | - | - | - | - | - | (23,100) | (23,100) |
| Balance as at 31 December 2025 | 173,078 | 310,125 | - | 1,256 | (1,882) | 75,972 | 558,549 |

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

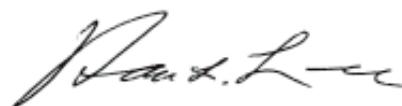
30. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION

| | Notes | 2025 | 2024 |
|-------------------------------|-------|----------|----------|
| | | HK\$'000 | HK\$'000 |
| ASSETS AND LIABILITIES | | | |
| Non-current assets | | | |
| Investments in subsidiaries | | 313,876 | 313,876 |
| Current assets | | | |
| Other receivables | | 1,892 | 294 |
| Amounts due from subsidiaries | | 250,321 | 347,446 |
| Tax recoverable | | 6 | 1 |
| Cash and bank balances | | 284 | 34 |
| | | 252,503 | 347,775 |
| Current liabilities | | | |
| Other payables | | 96 | 120 |
| Amounts due to subsidiaries | | 34 | 76,458 |
| | | 130 | 76,578 |
| Net current assets | | 252,373 | 271,197 |
| Net assets | | 566,249 | 585,073 |
| EQUITY | | | |
| Share capital | 27 | 7,700 | 7,700 |
| Reserves | 29 | 558,549 | 577,373 |
| Total equity | | 566,249 | 585,073 |

On behalf of the directors



Lau Chuk Kin
Director



Lee Hau Leung
Director

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

31. CAPITAL COMMITMENTS

| | 2025 | 2024 |
|--|----------|----------|
| | HK\$'000 | HK\$'000 |
| Commitments for acquisition of property, plant and equipment | 2,453 | 34,552 |

32. ACQUISITION OF BUSINESS

On 5 May 2025, OPUS Group Pty. Ltd. ("OPUS") and Marvel Printing Pty Ltd. ("Marvel"), both indirectly non-wholly-owned subsidiary of the Company, entered into a business acquisition agreement (the "Acquisition Agreement") with Marvel Bookbinding and Printfinishing Pty Ltd (the "Seller"), and Mr. Wayne Eastaugh ("Mr. Wayne"), pursuant to which, Marvel has conditionally agreed to purchase and the Seller has conditionally agreed to sell the bookbinding and printfinishing business and assets at aggregate consideration with a maximum of AUD7,515,000 (equivalent to approximately HK\$36,974,000). The acquisition was completed on 16 May 2025 (the "Completion Date").

At Completion Date, the estimated aggregate consideration comprised of (i) initial consideration of AUD3,000,000 (equivalent to approximately HK\$14,760,000); (ii) hire purchase reimbursement of AUD15,000 (equivalent to approximately HK\$74,000) and (iii) deferred consideration of AUD1,549,000 (equivalent to approximately HK\$7,622,000) ("Deferred Consideration"). The Deferred Consideration was measured at fair value based on the adjustment of the earn-out amount as stated in the Acquisition Agreement.

Pursuant to the Acquisition Agreement, an option (the "Option") to acquire 25% of the issued shares in Marvel at consideration of AUD1,500,000 (equivalent to approximately HK\$7,380,000) was granted to Mr. Wayne and his son, Mr. Richard Eastaugh or an entity majority owned by either or both of them (the "Option Holder"), exercisable within the period commencing on the last day of the earn-out period and ending on the Deferred Consideration payment date. According to the Acquisition Agreement, if the Option Holder exercise the Option, the earn-out amount in the Deferred Consideration would be fixed at AUD1,500,000 (equivalent to approximately HK\$7,380,000).

As at the date of acquisition, management assessed the terms in the Acquisition Agreement, including the fair value of Deferred Consideration and the Option as at Completion Date, as at 31 December 2025, the management concluded that the Option Holder is unlikely to exercise the Option. As a result, no fair value of the Option was recognised at the Completion Date and as at the date of acquisition.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

32. ACQUISITION OF BUSINESS (Continued)

Details of the fair value of identifiable assets and liabilities of the acquired business ("Acquired Business"), purchase consideration and goodwill arising from the acquisition as at the acquisition date were as follows:

| | HK\$'000 | HK\$'000 |
|--|----------|----------|
| Property, plant and equipment | 21,199 | |
| Right-of-use assets | 7,281 | |
| Deferred tax assets | 3,019 | |
| Inventories | 1,328 | |
| Other borrowings | (1,562) | |
| Lease liabilities | (7,572) | |
| Provisions | (2,491) | |
| Deferred tax liabilities | (2,184) | |
| Total identified assets acquired and liabilities | | 19,018 |
| Cash consideration | | 14,834 |
| Deferred consideration | | 7,622 |
| Goodwill (Note 17) | | 3,438 |

Goodwill of HK\$3,438,000, which is not deductible for tax purpose, mainly represented the value of expected synergies arising from the combination of the acquired business with the existing operations of the Group.

Since the acquisition date, the Acquired Business has contributed HK\$16,535,000 to revenue and a net profit of HK\$1,414,000 to the Group. If the acquisition had occurred on 1 January 2025, the Group's revenue and net profit would have been HK\$2,416,764,000 and HK\$211,672,000, respectively, this pro forma information is for illustrative purpose only and is not necessarily an indication of revenue and result of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2025, nor is it intended to be a projection of future performance.

The acquisition related costs of HK\$85,000 have been expensed and are included in administrative expense.

Movement in deferred consideration during the year:

| | 2025 | 2024 |
|---|----------|----------|
| | HK\$'000 | HK\$'000 |
| Balance at 1 January | – | – |
| Initial recognition at acquisition date | 7,622 | – |
| Exchange differences | 419 | – |
| Balance at 31 December | 8,041 | – |

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. NON-CONTROLLING INTERESTS

Material non-controlling interests

As at 31 December 2025, the subsidiaries of the Group which have material non-controlling interests included (1) Left Field Printing Group Limited, a 61.68% (2024: 61.68%) owned subsidiary of the Company, and its subsidiaries (the "Left Field Group"), (2) Regent, a 75% (2024: 75%) owned subsidiary of the Company, and The Quarto Group, Inc. a 67.90% (2024: 67.79%) owned subsidiary of the Company, and its subsidiaries (the "Quarto Group"). The NCI of other subsidiaries that are not 100% owned by the Group are considered to be immaterial. Summarised financial information in relation to non-controlling interests of the Left Field Group, Regent and the Quarto Group, before intra-group eliminations, is presented below:

| | Left Field Group | | Regent | | Quarto Group | |
|---|------------------|----------|----------|----------|--------------|-----------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Proportion of ownership interests and voting rights held by non-controlling interests | 38.32% | 38.32% | 25% | 25% | 32.10% | 32.21% |
| For the year ended 31 December | | | | | | |
| Revenue | 506,892 | 525,583 | 90,429 | 109,889 | 909,111 | 1,011,207 |
| Profit for the year | 28,547 | 34,246 | 9,532 | 14,550 | 35,567 | 70,505 |
| Total comprehensive income | 51,573 | 9,238 | 9,532 | 14,515 | 35,567 | 70,843 |
| Profit allocated to non-controlling interests | 10,938 | 13,162 | 2,383 | 3,637 | 11,385 | 22,367 |
| Dividends paid to non-controlling interests | 7,643 | 7,643 | 3,500 | 4,000 | – | – |
| For the year ended 31 December | | | | | | |
| Cash generated from operating activities | 68,365 | 79,541 | 17,471 | 8,108 | 179,275 | 179,808 |
| Cash generated from/(used in) investing activities | (23,408) | (6,787) | (1,156) | 843 | (137,955) | (135,191) |
| Cash used in financing activities | (42,580) | (37,570) | (15,047) | (17,263) | (35,150) | (142,879) |
| Net cash inflows/(outflows) | 2,377 | 35,184 | 1,268 | (8,312) | 6,170 | (98,262) |
| At 31 December | | | | | | |
| Current assets | 290,522 | 273,109 | 39,789 | 45,659 | 505,238 | 500,981 |
| Non-current assets | 161,374 | 88,443 | 5,450 | 573 | 277,211 | 268,194 |
| Current liabilities | (80,077) | (71,898) | (26,931) | (26,611) | (311,754) | (344,920) |
| Non-current liabilities | (63,348) | (12,809) | (3,447) | (292) | (46,568) | (49,508) |
| Net assets | 308,471 | 276,845 | 14,861 | 19,329 | 424,127 | 374,747 |
| Accumulated non-controlling interests | 118,192 | 106,074 | 3,715 | 4,832 | 136,140 | 120,693 |

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. CONNECTED AND RELATED PARTY TRANSACTIONS AND BALANCES

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. In addition to those balances and transactions disclosed elsewhere, the Group had transactions and balance with related parties and other related parties which also constitute connected persons of the Group as defined under Chapter 14A of the Listing Rules, are disclosed as follows:

Continuing connected transactions

| Connected persons | Nature of transactions | 2025 | 2024 |
|------------------------------|------------------------------------|----------|----------|
| | | HK\$'000 | HK\$'000 |
| Giunti Editore S.p.A. (note) | Printing transaction income | 18,573 | 24,327 |
| | Royalties transaction fee expenses | (23) | (9) |
| | Royalties transaction fee income | 5 | 3 |
| | Books transaction fee income | 5,435 | 4,132 |

Note:

Giunti Editore S.p.A. ("Giunti"), a company which Mr. Lombardo is the deemed controlling shareholder of Giunti. Mr. Lombardo is a non-executive director and deemed to be interested in 30.22% of The Quarto Group, Inc. ("Quarto"), a non-wholly-owned subsidiary of the Company.

Compensation of key management personnel

The key management personnel of the Group are the directors of the Company. Remuneration of the key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends. Details of the remuneration paid to them are set out in Note 10(a) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES

| Name of company | Date of incorporation/establishment | Place/Country of incorporation/establishment and kind of legal entity | Class of shares | Issued and fully paid share capital/registered capital | Percentage of issued capital held by the Company [^] | Principal activities and place of operations |
|---|-------------------------------------|---|-----------------|--|---|---|
| 1010 Group Limited | 10 January 2005 | Hong Kong, limited liability company | Ordinary | HK\$ 177,000,000 | 100% | Investment holding, Hong Kong |
| 1010 Printing International Limited 匯星印刷國際有限公司 | 10 January 2005 | Hong Kong, limited liability company | Ordinary | HK\$1 | 100% | Printing, Hong Kong |
| 1010 Printing Asia Limited | 3 April 2007 | Hong Kong, limited liability company | Ordinary | HK\$1 | 100% | Printing, Hong Kong |
| 1010 Printing (UK) Limited | 2 January 2007 | United Kingdom, limited liability company | Ordinary | British Pounds ("GBP") 1,000 | 100% | Printing services, United Kingdom |
| Anson Worldwide Limited | 8 November 2002 | British Virgin Islands ("BVI"), limited liability company | Ordinary | United States Dollars ("US\$") 10,000 | 100% | Investment holding, Hong Kong |
| 1010 Printing Limited 匯星印刷有限公司 | 5 February 2010 | Hong Kong, limited liability company | Ordinary | HK\$1,000,000 | 100% | Printing, Hong Kong |
| Naturbest Investments Limited | 15 August 2006 | BVI, limited liability company | Ordinary | US\$1 | 100% | Investment holding, Hong Kong |
| Oceanic Graphic International Inc. | 12 August 2011 | USA, limited liability company | Ordinary | US\$100,000 | 100% | Printing, USA |
| 惠州市滙星印刷有限公司 | 28 January 2011 | PRC, sino-foreign equity enterprise | N/A | RMB150,000,000 (registered capital) | 100% | Production and distribution of books and publications, PRC |
| Investor Vantage Limited | 12 November 2012 | BVI, limited liability company | Ordinary | US\$1 | 100% | Investment holding, Hong Kong |
| Asia Pacific Offset Limited | 15 December 1978 | Hong Kong, limited liability company | Ordinary | HK\$3,273,369 | 100% | Provision of printing services, Hong Kong |
| OPUS Group Pty. Ltd. ^{^^^} | 7 June 1983 | Australia, limited liability company | Ordinary | Australian dollar ("AUD") 26,234,000 | 61.68% | Investment holding, Australia |
| CanPrint Communications Pty Limited ^{^^^} | 4 September 1997 | Australia, limited liability company | Ordinary | AUD17,333 | 61.68% | Production and distribution of published content, Australia |
| Ligare Pty Ltd ^{^^^} | 17 September 1979 | Australia, limited liability company | Ordinary | AUD4 | 61.68% | Production and distribution of published content, Australia |
| McPherson's Printing Pty. Ltd. ^{^^^} | 1 November 1971 | Australia, limited liability company | Ordinary | AUD10,000 | 61.68% | Production and distribution of published content, Australia |
| Griffin Press Printing Pty Ltd ^{^^^} | 5 February 1999 | Australia, limited liability company | Ordinary | AUD2,300 | 61.68% | Production and distribution of published content, Australia |
| Marvel Printing Pty Ltd ^{^^^} | 8 April 2025 | Australia, limited liability company | Ordinary | AUD100 | 61.68% (2024: Nil) | Provision of bookbinding service of printing products |
| Papercraft Pte. Ltd. | 19 July 1980 | Singapore, limited liability company | Ordinary | Singapore Dollars 6,000,000 | 100% | Production and distribution of published content, Singapore |
| Asia Pacific Offset Group Limited | 2 July 2008 | Hong Kong, limited liability company | Ordinary | HK\$1,000 | 100% | Provision of printing services, Hong Kong |
| Bookbuilders BVI Limited | 25 May 1993 | BVI, limited liability company | Ordinary | US\$10,000 | 100% | Investment holding, Hong Kong |
| Regent Publishing Services Limited 麗晶出版社有限公司 | 23 October 1985 | Hong Kong, limited liability company | Ordinary | HK\$10,000 | 75% | Provision of printing services, Hong Kong |
| Left Field Printing Group Limited ^{^^} 澳獅環球集團有限公司 | 18 April 2018 | Bermuda, limited liability company | Ordinary | HK\$5,069,000 | 61.68% | Investment holding, Hong Kong |
| Papercraft Sdn. Bhd. | 15 April 1993 | Malaysia, limited liability company | Ordinary | MYR5,000,000 | 100% | Provision of printing services, Malaysia |

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

| Name of company | Date of incorporation/establishment | Place/Country of incorporation/establishment and kind of legal entity | Class of shares | Issued and fully paid share capital/registered capital | Percentage of issued capital held by the Company [^] | Principal activities and place of operations |
|--|-------------------------------------|---|-----------------|--|---|--|
| The Quarto Group, Inc. (Note (i)) ^{^^^^} | 10 October 1986 | United States, limited liability company | Ordinary | US\$4,088,910 | 67.90% (2024: 67.79%) | Investment holding, United States |
| Quarto Publishing Group USA Inc. (Note (i)) ^{^^^^^} | 28 June 2004 | United States, limited liability company | Ordinary | US\$3.80 | 67.90% (2024: 67.79%) | Publishing, United States |
| Quarto Publishing plc (Note (i)) ^{^^^^^} | 1 April 1976 | United Kingdom, limited liability company | Ordinary | GBP100,000 | 67.90% (2024: 67.79%) | Publishing, United Kingdom |

[^] Except for 1010 Group Limited, all subsidiaries are indirectly held by the Company.

^{^^} Left Field Printing Group Limited is listed on the Main Board of The Stock Exchange of Hong Kong Limited.

^{^^^} Subsidiaries of Left Field Printing Group Limited.

^{^^^^} The Quarto Group, Inc. was listed on the London Stock Exchange and voluntarily cease to be a publicly listed company on the London Stock Exchange on 18 January 2024. On 28 March 2024, The Quarto Group, Inc. completed the tender offer to repurchase 10,639,491 shares at total consideration of approximately GBP15,959,000 (equivalent to approximately HK\$157,103,000). The Group's interest in The Quarto Group, Inc. increased from 50.08% to 67.70% on the completion date of the tender offer.

^{^^^^^} Subsidiaries of The Quarto Group, Inc.

Notes:

(i) The Group has purchased certain share of The Quarto Group, Inc. during the year.

The directors are of the opinion that a complete list of the particulars of all subsidiaries would be of excessive length and therefore the above list contains only the particulars of the subsidiaries which materially affect the results or assets of the Group.

None of the subsidiaries had any debt securities subsisting at the end of the year or at any time during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

36. NOTES SUPPORTING STATEMENT OF CASH FLOWS

During the year, the Group entered into new leases and recognised addition of right-of-use assets for leased properties and plant and equipment of HK\$14,512,000 (2024: HK\$7,263,000) and lease liabilities of HK\$7,572,000 (2024: HK\$7,263,000).

Reconciliation of liabilities arising from financial activities:

| | Other borrowings | | Bank borrowings (Note 22) | | Lease liabilities (Note 23) | |
|---|------------------|----------|------------------------------|-----------|--------------------------------|----------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| At 1 January | – | – | 163,878 | 330,029 | 135,541 | 155,713 |
| Changes from cash flows: | | | | | | |
| Proceeds from new bank borrowings | – | – | 152,723 | 230,350 | – | – |
| Repayments of bank borrowings | – | – | (267,259) | (396,551) | – | – |
| Repayments of other borrowings | (1,562) | – | – | – | – | – |
| Interest paid | – | – | (6,610) | (18,339) | – | – |
| Principle portion of the lease liabilities paid | – | – | – | – | (43,543) | (40,602) |
| Interest portion of the lease liabilities paid | – | – | – | – | (7,100) | (6,736) |
| Total changes from financing cash flows | (1,562) | – | (121,146) | (184,540) | (50,643) | (47,338) |
| Other changes: | | | | | | |
| Additions of lease liabilities | – | – | – | – | 12,469 | 7,263 |
| Additions through acquisition of business (Note 32) | 1,562 | – | – | – | 7,572 | – |
| Lease modifications | – | – | – | – | 43,393 | 16,759 |
| Exchange difference | – | – | (5) | 50 | 8,431 | (3,592) |
| Interest expenses | – | – | 6,610 | 18,339 | 7,100 | 6,736 |
| At 31 December | – | – | 49,337 | 163,878 | 163,863 | 135,541 |

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial instrument risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance by closely monitoring the individual exposure.

The Group does not have written risk management policies and guidelines. However, the directors meet periodically to analyse and formulate strategies to manage the Group's exposure to a variety of risks which resulted from its operating and investing activities. Generally, the Group employs conservative strategies regarding its risk management to ensure appropriate measures are implemented on a timely and effective manner. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out as follows:

(a) Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalent, pledged deposits and trade and other receivables. The carrying amounts of each class of the above financial assets represent the Group's maximum exposure to credit risk in relation to financial assets.

To manage this risk arising from cash and cash equivalent and pledged deposit, the Group only transacts with reputable commercial banks which are all high-credit-quality financial institutions. There has been no recent history of default in relation to these financial institutions.

The directors consider the Group does not have a significant concentration of credit risk. The top 5 customers accounted for approximately 30% (2024: 26%) of total revenue during the year ended 31 December 2025. In this regard, the Group's trade and other receivables are actively monitored to avoid significant concentrations of credit risk.

The Group also continuously evaluates the credit risk of its customers to ensure appropriateness of the amount of credit granted. Credit terms are extended to customers based on the evaluation of individual customer's financial conditions. In addition, the Group reviews the recoverable amount of each individual trade debt at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. The credit policies have been followed by the Group consistently throughout the years and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of these receivables based on historical settlement records and past experience. The directors of the Company believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables and deposits.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The ECL on trade receivables is estimated using a provision matrix with reference to past default experience of the debtor, current market condition in relation to each debtor's exposure. The ECL also incorporated forward-looking information with reference to general macroeconomic conditions that may affect the ability of the debtors to settle receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

As at 31 December 2025 and 2024, the Group recognised lifetime ECL for its trade receivables based on individually significant customer or the ageing of customers collectively that are not individually significant as follows:

| | Weighted average lifetime ECL | Gross carrying amount | Loss allowance |
|-------------------------------|-------------------------------------|-----------------------------|-------------------|
| | % | HK\$'000 | HK\$'000 |
| As at 31 December 2025 | | | |
| Current (not past due) | 1.24 | 446,484 | (5,518) |
| 1-30 days past due | 2.83 | 88,536 | (2,506) |
| 31-90 days past due | 5.63 | 16,732 | (942) |
| More than 90 days past due | 64.59 | 9,056 | (5,849) |
| Individual assessment | 100 | 2,117 | (2,117) |
| | | 562,925 | (16,932) |
| As at 31 December 2024 | | | |
| Current (not past due) | 0.84 | 486,788 | (4,112) |
| 1-30 days past due | 2.20 | 91,441 | (2,013) |
| 31-90 days past due | 2.53 | 42,932 | (1,088) |
| More than 90 days past due | 35.26 | 23,488 | (8,283) |
| Individual assessment | 100 | 7,094 | (7,094) |
| | | 651,743 | (22,590) |

(b) Currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Most of the sales transactions of the Group are denominated in US\$, AUD, GBP and Euros ("EUR") and there are expenses and capital expenditures denominated in US\$, RMB and HK\$. Certain trade receivables and trade payables of the Group are denominated in foreign currencies, mainly US\$, AUD, GBP, RMB and EUR.

To mitigate the impact of exchange rate fluctuations, the Group continuously assesses and monitors the exposure to foreign currency risk.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. FINANCIAL RISK MANAGEMENT (Continued)

(b) Currency risk (Continued)

Foreign currencies denominated financial assets and liabilities are as follows:

2025

| | US\$'000 | RMB'000 | AUD'000 | GBP'000 | EUR'000 |
|-----------------------------|----------|---------|---------|---------|---------|
| Trade and other receivables | 26,530 | 543 | 1,945 | 14,020 | 2,024 |
| Cash and bank balances | 27,949 | 4,268 | 16,554 | 1,708 | 2,475 |
| Trade and other payables | (3,833) | (359) | (145) | (6,200) | (302) |
| | 50,646 | 4,452 | 18,354 | 9,528 | 4,197 |

2024

| | US\$'000 | RMB'000 | AUD'000 | GBP'000 | EUR'000 |
|-----------------------------|----------|---------|---------|---------|---------|
| Trade and other receivables | 35,864 | 66 | 3,226 | 14,222 | 2,310 |
| Cash and bank balances | 21,388 | 6,065 | 10,154 | 1,218 | 4,841 |
| Trade and other payables | (2,870) | (307) | (87) | (7,321) | (582) |
| | 54,382 | 5,824 | 13,293 | 8,119 | 6,569 |

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. FINANCIAL RISK MANAGEMENT (Continued)

(b) Currency risk (Continued)

The following table illustrates the sensitivity of the net results for the year and retained earnings in regards to the Group's financial assets and liabilities at the reporting date and the reasonably possible changes in the foreign exchange rates in the next 12 months to which the Group has significant exposure at the reporting date, based on the assumption that other variables are held constant. Changes in foreign exchange rates have no impact on the Group's other components of equity.

| | 2025 | | 2024 | |
|-----|---|---|--|---|
| | Increase/ (Decrease) in foreign exchange rates | Effect on profit after tax and retained earnings | Increase/ (Decrease) in foreign exchange rates | Effect on profit after tax and retained earnings |
| | | HK\$'000 | | HK\$'000 |
| RMB | 3.7% | 183 | 2.7% | 168 |
| | (3.7%) | (183) | (2.7%) | (168) |
| AUD | 8.1% | 7,716 | 8.4% | 5,360 |
| | (8.1%) | (7,716) | (8.4%) | (5,360) |
| GBP | 7.8% | 7,774 | 1.3% | 1,024 |
| | (7.8%) | (7,774) | (1.3%) | (1,024) |
| EUR | 13.7% | 5,250 | 5.8% | 3,059 |
| | (13.7%) | (5,250) | (5.8%) | (3,059) |

As HK\$ is pegged to US\$, management of the Company does not expect that the change in US\$/HK\$ will have significant impact on the consolidated financial statements.

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

(c) Interest rate risk

The Group has no financial assets and liabilities of material amounts with floating interest rates except for deposits held in banks and bank borrowings. Cash at bank earns interest at floating rates based on the daily bank deposits rates during the year. Any change in the interest rate promulgated by banks from time to time is not considered to have significant impact to the Group. The Group adopts centralised treasury policies in cash and financial management and focuses on reducing the Group's overall interest expense. Terms of repayment of bank borrowings are set out in Note 22.

During the year, management did not consider it necessary to use interest rate swaps to hedge their exposure to interest rate risk as the interest rate risk exposure is not significant.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. FINANCIAL RISK MANAGEMENT (Continued)

(d) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements, its compliance with lending covenants, if any, and its relationships with its bankers to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term. The Group has net current assets of HK\$1,031,997,000 (2024: HK\$947,720,000) and net assets of HK\$1,904,901,000 (2024: HK\$1,742,322,000) as at 31 December 2025. In the opinion of the directors, the Group's exposure to liquidity risk is limited.

The following table details the remaining contractual maturities at each of the reporting dates of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payment computed using contractual rates or, if floating, based on current rates at the reporting date) and the earliest date the Group may be required to pay.

Specifically, for term loans which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity is required to pay, that is if the banks were to invoke the unconditional rights to call the loans with immediate effect.

| | Carrying amount | Total contractual undiscounted cash flow | Within 1 year or on demand | More than 1 year but less than 5 years | Over 5 years |
|---|-----------------|--|----------------------------|--|--------------|
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| As at 31 December 2025 | | | | | |
| Non-derivative financial liabilities | | | | | |
| Trade and other payables | 418,863 | 418,863 | 410,822 | – | 8,041 |
| Bank borrowings | 49,337 | 49,337 | 49,337 | – | – |
| Lease liabilities | 163,863 | 181,063 | 48,449 | 85,537 | 47,077 |
| | 632,063 | 649,263 | 508,608 | 85,537 | 55,118 |
| As at 31 December 2024 | | | | | |
| Non-derivative financial liabilities | | | | | |
| Trade and other payables | 411,207 | 411,207 | 411,207 | – | – |
| Bank borrowings | 163,878 | 163,878 | 163,878 | – | – |
| Lease liabilities | 135,541 | 152,158 | 36,293 | 94,296 | 21,569 |
| | 710,626 | 727,243 | 611,378 | 94,296 | 21,569 |

The table that follows summarises the maturity analysis of those term loans with repayment on demand clause based on the agreed scheduled repayments set out in the loan agreements. The amounts included interest payments computed using contractual rates. As a result, these amounts are greater than the amounts disclosed in the "on demand" time band in the above maturity analysis. Taking into account the Group's financial position, the directors do not consider that it is probable that the banks will exercise their discretion to demand immediate repayment, the directors believe that such term loans will be repaid in accordance with the scheduled repayment dates as set out in the loan agreements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. FINANCIAL RISK MANAGEMENT (Continued)

(d) Liquidity risk (Continued)

| | Carrying amount | Total contractual undiscounted cash flow | Within 1 year | More than 1 year but less than 5 years |
|---|-----------------|--|---------------|--|
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Term loans subject to repayment on demand clause based on scheduled repayments: | | | | |
| 31 December 2025 | 49,337 | 53,411 | 53,411 | – |
| 31 December 2024 | 163,878 | 169,971 | 136,005 | 33,966 |

(e) Fair values

The directors consider that the fair values of the Group's current financial assets and liabilities are not materially different from their carrying amounts due to the immediate or short-term maturity of these financial instruments. The fair values of non-current financial assets and liabilities have not been disclosed because they are not materially different from their carrying amounts.

Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and bank balances, pledged deposits, trade and other receivables and deposits, trade and other payables except non-current portion, bank borrowings and lease liabilities.

Due to their short-term nature, the carrying amounts of cash and bank balances, pledged deposits, trade and other receivables and deposits, trade and other payables except non-current portion, bank borrowings and lease liabilities approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. FINANCIAL RISK MANAGEMENT (Continued)

(e) Fair values (Continued)

Financial instruments measured at fair value

The fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of level 2 and level 3 financial instruments, as well as the relationship between key observable inputs and fair value are set out below.

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

| | 2025 | | | |
|---|---------------------|---------------------|---------------------|-------------------|
| | Level 1 HK\$'000 | Level 2 HK\$'000 | Level 3 HK\$'000 | Total HK\$'000 |
| Financial assets at fair value through profit or loss | | | | |
| Investment of unlisted preference stock | – | – | 2,456 | 2,456 |
| Forward foreign exchange contracts | – | – | – | – |
| Net fair values | – | – | 2,456 | 2,456 |
| Financial liabilities at fair value through profit or loss | | | | |
| Other payable – deferred consideration | – | – | 8,041 | 8,041 |
| Net fair values | – | – | 8,041 | 8,041 |



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. FINANCIAL RISK MANAGEMENT (Continued)

(e) Fair values (Continued)

Financial instruments measured at fair value (Continued)

| | 2024 | | | |
|--|---------------------|---------------------|---------------------|-------------------|
| | Level 1 HK\$'000 | Level 2 HK\$'000 | Level 3 HK\$'000 | Total HK\$'000 |
| Financial assets at fair value through profit or loss | | | | |
| Forward foreign exchange contracts | – | – | – | – |
| Net fair values | – | – | – | – |

The fair value of forward exchange contracts is determined based on the applicable forward exchange rates prevailing at the reporting date.

The following table gives information about how the fair value of the financial assets are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

| Financial items | Fair value at | | Fair value hierarchy | Basis of fair value measurement/ valuation technique(s) and key input(s) | Significant unobservable inputs | Relationship of unobservable inputs to fair value |
|---|------------------|------------------|----------------------|---|--|---|
| | 2025 HK\$'000 | 2024 HK\$'000 | | | | |
| Investment of unlisted preference stock | 2,456 | – | Level 3 | Net asset value approach adjusted for conversion rights and warrant (fully diluted basis) | Conversion ratio and warrant terms, underlying equity value of the investee, volatility and discount for lack of marketability | The higher the underlying equity value, the higher fair value and vice versa The higher the volatility, the higher the option/warrant value and vice versa |
| Deferred consideration | 8,041 | – | Level 3 | Discounted cash flow model for EBITDA-based earn-out | Forecast EBITDA and discount rate | The higher the discount rate, the lower fair value and vice versa The higher the EBITDA, the higher fair value and vice versa |

There were no transfers between levels during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

38. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

The following table shows the carrying amount and fair value of financial assets and liabilities:

| | 2025 | | 2024 | |
|---|-----------------|------------|-----------------|------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Financial assets | | | | |
| Current assets | | | | |
| Financial assets at fair value through profit or loss: | | | | |
| – Investment of unlisted preference stock | 2,456 | 2,456 | – | – |
| Financial assets measured at amortised cost: | | | | |
| – Trade and other receivables and deposits | 652,298 | 652,298 | 745,267 | 745,267 |
| – Pledged deposit | 229 | 229 | 209 | 209 |
| – Cash and bank balances | 590,102 | 590,102 | 500,488 | 500,488 |
| | 1,245,085 | 1,245,085 | 1,245,964 | 1,245,964 |
| Financial liabilities | | | | |
| Current liabilities | | | | |
| Financial liabilities measured at amortised cost: | | | | |
| – Trade and other payables | 410,822 | 410,822 | 411,207 | 411,207 |
| – Bank borrowings | 49,337 | 49,337 | 163,878 | 163,878 |
| – Lease liabilities | 42,184 | 42,184 | 31,292 | 31,292 |
| Non-current liabilities | | | | |
| Financial liabilities at fair value through profit or loss: | | | | |
| – Other payable – deferred consideration | 8,041 | 8,041 | – | – |
| Financial liabilities measured at amortised cost: | | | | |
| – Lease liabilities | 121,679 | 121,679 | 104,249 | 104,249 |
| | 632,063 | 632,063 | 710,626 | 710,626 |



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

39. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group's objectives when managing capital are:

- To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;
- To support the Group's stability and growth; and
- To provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group has not adopted any formal dividend policy.

Management regards total equity as capital, for capital management purpose. The amount of capital as at 31 December 2025 amounted to approximately HK\$1,904,901,000 (2024: HK\$1,742,322,000), which management considers as satisfactory having considered the projected capital expenditures and the projected strategic investment opportunities.

The Group's overall strategy in capital management remains unchanged during the year.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements and restated upon the adoption of the new or amended HKFRS Accounting Standards as appropriate, is set out below:

FINANCIAL RESULTS

| | Financial year ended 31 December | | | | |
|---------------------------|----------------------------------|-----------|-----------|-----------|-----------|
| | 2021 | 2022 | 2023 | 2024 | 2025 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Revenue and turnover | 1,737,616 | 2,496,089 | 2,562,781 | 2,668,586 | 2,407,213 |
| Profit before income tax | 177,130 | 347,518 | 301,151 | 315,182 | 263,797 |
| Income tax expense | (35,105) | (61,709) | (60,429) | (61,590) | (51,423) |
| Profit for the year | 142,025 | 285,809 | 240,722 | 253,592 | 212,374 |
| Attributable to: | | | | | |
| Owners of the Company | 132,491 | 219,911 | 185,248 | 214,406 | 187,668 |
| Non-controlling interests | 9,534 | 65,898 | 55,474 | 39,186 | 24,706 |
| Profit for the year | 142,025 | 285,809 | 240,722 | 253,592 | 212,374 |

| | As at 31 December | | | | |
|------------------------|-------------------|-------------|-------------|-----------|-----------|
| | 2021 | 2022 | 2023 | 2024 | 2025 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| ASSETS AND LIABILITIES | | | | | |
| Total assets | 2,028,000 | 2,797,816 | 2,889,437 | 2,590,410 | 2,687,028 |
| Total liabilities | (680,461) | (1,142,855) | (1,088,920) | (848,088) | (782,127) |
| Total equity | 1,347,539 | 1,654,961 | 1,800,517 | 1,742,322 | 1,904,901 |



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Lau Chuk Kin (*Chairman*)
Mr. Wong Sai Yeung, Colin

Non-Executive Directors

Mr. Li Hoi, David
Mr. Guo Junsheng
Mr. Wan Siu Kau

Independent Non-Executive Directors

Prof. Lee Hau Leung (*Lead Independent Non-Executive Director*)
Mr. Ho Tai Wai, David
Mr. Ng Siu On
Ms. Ng Cheuk Hei, Shirley

COMPANY SECRETARY

Ms. Tan Lai Ming FCPA, FCCA

COMPLIANCE OFFICER

Mr. Lau Chuk Kin

AUTHORISED REPRESENTATIVES

Mr. Wong Sai Yeung, Colin
Ms. Tan Lai Ming

BERMUDA RESIDENT REPRESENTATIVE

Conyers Corporate Services (Bermuda) Limited

AUDIT COMMITTEE

Mr. Ho Tai Wai, David (*Chairman*)
Prof. Lee Hau Leung
Mr. Ng Siu On
Ms. Ng Cheuk Hei, Shirley

NOMINATION COMMITTEE

Mr. Lau Chuk Kin (*Chairman*)
Prof. Lee Hau Leung
Mr. Ho Tai Wai, David
Mr. Ng Siu On
Ms. Ng Cheuk Hei, Shirley

REMUNERATION COMMITTEE

Prof. Lee Hau Leung (*Chairman*)
Mr. Lau Chuk Kin
Mr. Ho Tai Wai, David
Mr. Ng Siu On
Ms. Ng Cheuk Hei, Shirley

AUDITOR

BDO Limited
Certified Public Accountants
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

LEGAL ADVISER

Cheng & Ng
Unit 1505, 15/F, West Tower
Shun Tak Centre
No. 168-200 Connaught Road Central
Sheung Wan
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
No. 1 Queen's Road Central
Hong Kong

Standard Chartered Bank (Hong Kong) Limited
Standard Chartered Bank Building
4-4A Des Voeux Road Central
Hong Kong

SHARE REGISTRARS AND TRANSFER OFFICES

Principal Registrar

Conyers Corporate Services (Bermuda) Limited
Clarendon House, 2 Church Street
Hamilton HM11
Bermuda

Hong Kong Branch Registrar

Computershare Hong Kong Investor Services Limited
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Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

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2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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