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**LION ROCK GROUP LIMITED**

**獅子山集團有限公司***

*(Incorporated in Bermuda with limited liability)*

(Stock code: 1127)

# REVISION OF ANNUAL CAPS IN RESPECT OF CONTINUING CONNECTED TRANSACTIONS

## BACKGROUND

Reference is made to the announcements (the "Announcements") of Lion Rock Group Limited (the "Company") dated 27 February 2024 and 6 March 2024 in relation to the Framework Agreement with Giunti. Unless otherwise defined, capitalised terms in this announcement shall have the same meanings as defined in the Announcements.

The Board hereby announces that the Board has reviewed and assessed the Transactions under the Framework Agreement and expects that the Books Transaction Fee for the two years ending 31 December 2026 will exceed its previous forecast while the Printing Transaction Fee decreases in the year ending 31 December 2025. The Board anticipates that the existing annual cap for the Books Transaction Fee for the two years ending 31 December 2026 will be insufficient to satisfy the business needs of the Group. The existing annual cap for the Printing Transaction Fee will be in excess. Accordingly, on 27 October 2025 (after trading hours), the Company agreed with Giunti to revise the annual caps of Books Transaction Fee and Printing Transaction Fee for each of the two years ending 31 December 2026.

## HISTORICAL TRANSACTION FEE, ORIGINAL AND REVISED ANNUAL CAP

The following table sets out (i) the historical amount of Transaction Fee paid and received by the Group under the Framework Agreement for the nine months ended 30 September 2025 and year ended 31 December 2024; and (ii) the original and revised annual cap for each of the two years ending 2006:

| Transaction | For nine months ended 30 September 2025 HK$'000 | For year ended 31 December 2024 *HK$'000* | 2025& 2026 Annual Cap Original *HK$'000* | 2025& 2026 Annual Cap Revised *HK$'000* |
|---|---|---|---|---|
| Royalties Transaction Fee paid/payable | 14 | 9 | 400 | 400 |
| Royalties Transaction Fee received/receivable | - | 3 | 100 | 100 |
| Books Transaction Fee received/receivable | 4,691 | 4,132 | 5,500 | 9,500 |
| Printing Transaction Fee received/receivable | 14,134 | 24,327 | 34,000 | 30,000 |
| Total amount | 18,839 | 28,471 | 40,000 | 40,000 |

The Books Transaction Fee and Printing Transaction Fee receive/receivable by the Group for the nine months ended 30 September 2025 are HK$4.7 million and HK$14.1 million respectively, representing 85% and 42% of the original annual cap respectively.

Save for the revision of the annual caps of the Book Transaction Fee and Printing Transaction Fee, all the other terms of the Framework Agreement including the pricing policies remain unchanged.

The revised annual caps were determined after taking into consideration of the following factors:

(1) The actual amount of the Transaction Fees paid/payable and received/receivable under the Framework Agreement.

(2) The estimated growing demand of the Book Transaction for the two years ending 31 December 2026, which is primarily driven by Quarto increasing its European language books publishing.

(3) The decreased demand of Printing Transaction for the first half year of 2025, which is caused by the uncertainty on the implementation of European Union Deforestation Regulation ("EUDR"). The full implementation of the EUDR will take effect in December 2025. This regulation requires publisher and printer to use paper made from geo-tracked sustainable pulp. Giunti, being an Italian publisher, is required to fully comply with the EUDR. During the year, the Group has secured a stable supply of EUDR-compliant paper. It is anticipated that the demand for Printing Transaction for the year ending 31 December 2026 will increase back to the level similar to year 2024 or higher.

## INTERNAL CONTROL MEASURES

The Group has implemented internal control measures for monitoring its continuing connected transactions, including (without limitation) the regular review of transaction volume by the Group's finance department to monitor the annual cap of the Transactions. In addition, the Company's auditors and independent non-executive Directors will conduct annual review of the Transactions and provide annual confirmations in accordance with the Listing Rules that the Transactions are conducted in accordance with the terms of the Framework Agreement, on normal commercial terms, in the interest of the Company and its Shareholders as a whole, and in accordance with the relevant pricing policies.

## REASONS FOR AND BENEFITS OF REVISING THE ANNUAL CAP

The Group is principally engaged in illustrated book publishing and provision of printing services to international book publishers, trade, professional and educational publishing conglomerates and print media companies.

Giunti is a book publisher and operates book stores in Italy.

The Transactions enable the Group to gain economic benefits and increase its sales coverage in Europe. It is important for the Group to be able to continue the Transactions. As the utilization rate of the existing annual cap of the Books Transaction and Printing Transaction for the year ending 2025 has reached 85% and 42% respectively, it is expected that the original annual cap for the Book Transaction will not be sufficient to support the future business while the original annual cap for the Printing Transaction will be in excess.

The Directors (including the independent non-executive Directors) consider that the terms and the transactions contemplated under the Framework Agreement and the revised annual caps are fair and reasonable, on normal commercial terms, in the usual and ordinary course of business of the Group and in the interest of the Company and the Shareholders as a whole.

## IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Mr. Lombardo is the deemed controlling shareholder of Giunti. Mr. Lombardo is a non-executive director and deemed to be interested in 30.2% of Quarto. Quarto is a subsidiary of the Company. Thus, Giunti is a connected person of the Company at the subsidiary level under the Listing Rules. The Framework Agreement together with the revised annual caps agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under the Listing Rules.

As the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the annual cap of the transactions contemplated under the Framework Agreement are more than 1% but less than 5%, the transactions contemplated under the Framework Agreement are exempt from the circular and shareholders' approval requirements but are subject to the announcement, disclosure and reporting requirements under Chapter 14A of the Listing Rules.

By order of the Board
**Lion Rock Group Limited**
Lau Chuk Kin
*Chairman*

Hong Kong, 27 October 2025

*As at the date of this announcement, the board of directors of the Company comprises Mr. Lau Chuk Kin and Ms. Lam Mei Lan as executive directors; Mr. Chu Chun Wan, Mr. Li Hoi David and Mr. Guo Junsheng as non-executive directors; Prof. Lee Hau Leung, Mr. Ho Tai Wai David, Mr. Ng Siu On and Ms. Ng Cheuk Hei, Shirley as independent non-executive directors.*

* For identification purpose only