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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)*

**FURTHER INFORMATION IN RELATION TO  
THE CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the announcement (the “**Announcement**”) of Lion Rock Group Limited (the “**Company**”) dated 27 February 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 Announcement.

The Board wishes to provide the Shareholders and potential investors of the Company with further information in relation to the Framework Agreement:

**PRICING POLICY**

In general, the terms of the Transactions shall be determined with reference to prevailing market practice and be on terms no less favourable to the Group than those made available to parties which are not connected with the Company and its connected persons (the “**Independent Third Parties**”) for similar products and services.

Regarding the Transaction Fee for Royalties Transactions, an agreed percentage set on a case-by-case basis, will be charged on the recommended retail price of the relevant book title and copies sold. When determining the Transaction Fee for Books Transactions and Printing Transactions, apart from the factors that the Group will consider as mentioned in the Announcement, the Group will also set a margin on a case-by-case basis. The Group determines the mark-up margin by considering its production schedule, seasonality factor, complexity and relationship with the customer. In order to ensure the terms of sales, the royalty rate and profit margin are in line with prevailing market rates and conditions, the Group will compare royalty rate and selling prices of similar products or services (as applicable) licensed to/from and sold to other customers, which are Independent Third Parties, not less frequently than on a quarterly basis. The Group will also make reference to the prevailing royalty rate and profit margin for similar products and services (as applicable) for the same period, when possible.

The Group shall have the right to accept or reject the orders from Giunti and would accept orders only if the Group will profit from the sales and would consider the Group’s capacity to undertake purchase orders which are more profitable.

## ANNUAL CAP

While the annual cap in respect of the aggregate Transaction Fee for all the Transactions under the Framework Agreement for each of the three years ending 31 December 2026 is HK\$40,000,000, the breakdown of which is set out below. The aggregate amount paid and received by the Group in respect of the Transactions for the two years ended 31 December 2023 are also set out below for reference:

<b>Transaction</b>	<b>2022</b> <i>HK\$'000</i>	<b>2023</b> <i>HK\$'000</i>	<b>2024 to 2026</b> <b>Annual Cap</b> <i>HK\$'000</i>
Royalties Transaction Fee payable	8	58	400
Royalties Transaction Fee receivable	-	16	100
Books Transaction Fee	2,520	4,492	5,500
Printing Transaction Fee	117	3,742	34,000
Total amount	2,645	8,308	40,000

As illustrated in the table above, the total amount incurred for the Transactions has substantially increased in the financial year ended 31 December 2023 as compared with the preceding year. This was mainly due to the growing business relationship between the Group and Giunti and the Annual Cap was set in line with such trend. In particular, it is anticipated that there will be major increase in Printing Transactions as Giunti is exploring alternative suppliers in Asia for printing services. Despite the recent problems in Red Seas causing slightly increase in shipping costs, shipping costs dropping substantially from the peak. With supply chain issues subsiding and stabilising raw material supply, print services in the FarEast has become an economically attractive proposition for publishers again. Being the second largest bookstores chain in Italy, orders from Giunti has been on a fast increasing trend since second half of 2023 and it is expected that orders from Giunti will continue to increase in 2024.

Royalty Transactions between the Group and Giunti mainly commenced in 2022 with nominal amount and was on upward trend in 2023. Pursuant to the Royalties Transactions, the Group grants to /receives from Giunti licence rights to publish and sell book titles. These book titles are in English/Italian and will be printed and sold by Giunti/the Group after they are translated into applicable language. Considering the prospect in this segment, for the financial year 2024, the Group and Giunti anticipate a considerable increase in the Transaction Fee payable for the Royalty Transaction.

The Annual Cap was set to accommodate the higher transaction volumes between the Group and Giunti and support the Group's growth objectives.

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

Hong Kong, 6 March 2024

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

*\* For identification purpose only*