



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



# INTERIM REPORT 2024

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## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

Despite facing a volatile and complex macroeconomic environment in the first half of 2024 – marked by a sluggish global book market, elevated freight rates, margin pressure from increased competition, and ongoing geopolitical tensions – the Group delivered an outstanding set of interim results.

The Group's turnover increased by 4% in the first six months of 2024, reaching \$1,257 million (H1 2023: \$1,210 million). This growth was driven by significant revenue increases from our 1010 Printing and Papercraft print manufacturing operations. Profit attributable to owners of the Company rose by 11% to \$79.1 million (H1 2023: \$71.2 million), primarily due to improved profit contributions from Quarto, following our shareholding increase post tender offer, and our two regional print manufacturing operations: Papercraft in Malaysia and Left Field Printing in Australia.

In the first half of 2024, the global book market remained subdued. According to Circana BookScan, the US book market – the largest globally – experienced a 0.5% year-on-year decline in unit sales of printed books. This weakness can be partly attributed to the historical underperformance of the book market during presidential election years. Factors such as economic uncertainty and heightened media attention on elections have dampened consumer demand for books. Performance varied across market segments, with Adult Fiction being the sole growth driver at +6%, while Adult Non-Fiction and Children's Books declined by 3%. Similar softness was observed in the UK and Australian book markets. Quarto slightly underperformed in the Adult Non-Fiction and Children's markets, the two segments that they operate in.

The re-routing of shipping away from the Red Sea and Suez Canal has continued to lengthen shipping times and constrain global shipping capacity. This disruption has forced Western importers to place manufacturing orders earlier than usual, further restricting shipping capacity. Freight rates from China to the US West Coast have surged to US\$7,500 per forty-foot equivalent unit (FEU), up from \$3,500 a year ago. This translates to an additional cost of about US\$0.15 per book copy for our publishing clients. Higher shipping costs have reduced profitability for illustrated book publishers. For instance, Quarto, which produces around 23 million copies annually, incurs freight costs for approximately 13 million copies. This impacts Quarto's bottom line by about US\$2 million, spread over 2024 and 2025 as these inventories are sold. Many publishers, having dealt with significant inventory buildup since 2022, have now reduced their stock levels to or below optimal levels. Consequently, they had to place larger and earlier orders this year to replenish inventory.

The Chinese book market continued to be soft. The total book value sold in Mainland China contracted by 6.2% in 1H 2024. The Children's books segment was particularly affected by China's demographics, characterized by a declining birth rate. Given the difficult local book market conditions, more indigenous Chinese printers are competing for overseas book printing orders, and the overcapacity has exerted downward pressure on printing margins for the industry.

As the US presidential election enters its final leg, the Group anticipates escalating geopolitical tensions and increased de-risking efforts due to the bipartisan anti-China sentiment in the US. In response, the management has been preparing for a potential new trade war by ramping up the Papercraft manufacturing operations in Malaysia over the past couple of years.

**A. PRINT MANUFACTURING***1010 Printing, China manufacturing and international sales operations:*

Sales turnover increased by 20% compared to the same period last year as market demand for print services shifted from onshore back to offshore, particularly to China. This shift was driven by seasonal factors, with publishing clients moving their Q4 orders forward to Q2 to mitigate supply chain risks. However, profit margin fell due to pricing pressure from increased competition from indigenous Chinese printers.

*Left Field Printing Group, Australia manufacturing:*

Left Field Printing's turnover declined by 4% due to the softness in the local book market. The read-for-pleasure book printing segment faced headwinds as the Australian book market experienced a downturn with lower unit sales.

The integration of Griffin Press, acquired two years ago, has been progressing slower than expected. However, the effort is starting to bear fruit as the management implemented the Group's cost control practices and production scheduler to improve Griffin's plant efficiency. Additionally, further efficiencies have been realized through the consolidation and sharing of production facilities, resulting in improved profit margins.

*Papercraft, Malaysia manufacturing:*

Sales turnover at Papercraft increased by 113% as print service capacity expanded and demand for its services grew. The management team has made progress in tackling operational challenges and the scarcity of skilled local workers. Additionally, the division has significantly reduced its operational loss through much-optimized operations.

Our investment in Papercraft has proven to be strategically important. It has positioned the Group as one of the few printing groups in Asia that offers the "China + 1" option.

**B. PRINT SERVICES MANAGEMENT***APOL Group*

Sales turnover at APOL increased by 2% in the first half of the year. Revenue growth in major markets such as the US, UK, and Australia offset declines in other regions.

*Regent*

Regent's sales turnover declined by 14% in the first six months. As Regent primarily operates in the US, this revenue decline aligns with the soft performance of the US book market. The management is proactively seeking to expand into emerging markets, particularly in the Middle East region.

**C. PUBLISHING***The Quarto Group*

Quarto's revenue dipped by 4% in the first half of the year, primarily driven by a decline in B2B sales, including foreign rights and co-edition sales to other publishers. During this period, Quarto's shareholders approved the voluntary delisting from the London Stock Exchange. A tender offer was also launched to buy back Quarto shares, increasing the Group's shareholding from 50% to 68%. This buyback allowed Quarto, a Delaware entity, to return cash to its shareholders without incurring the US dividend tax.

Since the new management took over two years ago, efforts have been made to attract more prominent authors, literary agents, and higher-calibre staff. The effectiveness of this high-risk, high-reward approach will be evaluated in Q3, as most of the heavily invested titles are set to be released into the market. Quarto's ability to recover lost ground in terms of year-to-date performance will depend on the success of these titles.



## MANAGEMENT DISCUSSION AND ANALYSIS

### PROSPECTS

The Group started the first half of the year with strong momentum, which led to our optimistic outlook in Q1. The increased sales volume was driven partly by early orders from publishing clients aiming to mitigate risks from the Red Sea shipping disruption, and partly by publishers restocking their inventory after years of de-stocking efforts. However, order volume has since tailed off in Q2 and we anticipate a soft global illustrated book market in the second half as attention shifts to the US presidential election. As publishers adjust their orders to reflect a softer market, we expect demand for print services to remain subdued in the latter half of the year.

Paper prices in China remain competitive in the global market due to expanded production capacity, while several paper mills in the United States and Europe have been decommissioned. With the European Union Deforestation Regulation (EUDR) set to commence in December 2024, requiring business operators to demonstrate the deforestation-free status of their pulp and paper products, the impact on paper prices in Europe remains to be seen.

While ocean freight detours around Africa due to Red Sea disruptions are likely to continue for some time, we anticipate that ocean freight prices should drop to lower levels in Q4. Although this prediction may not be entirely accurate due to various influencing factors, there are several reasons for optimism. Firstly, shippers rushed into the market earlier this year to secure shipping capacity amid the disruptions, driving up freight prices. Additionally, global shipping companies and shippers are now adapting their schedules and arrivals to the new operating environment, which is helping to ease global port congestion. Despite the expected lower ocean freight rates, the total freight cost may not change significantly as inland freight costs remain high in the West.

For many of our publishing clients, the traditional printing peak season occurs in August and September. However, due to the supply chain disruptions caused by COVID-19 and the recent Red Sea shipping crisis, we are witnessing a paradigm shift in their ordering patterns. Firstly, the future peak season is anticipated to arrive earlier, in July, as publishers incorporate buffer periods to mitigate supply chain delays. Secondly, publishers are adopting a more agile approach by placing multiple smaller print orders to minimize inventory and reduce the risk of potential deadstock.

Far East printers continue to maintain a competitive edge over onshore printers due to their generally lower cost structure. However, competition is intensifying from indigenous Chinese printers as the local book market in China faces challenges, impacting demand for print services. This overcapacity is resulting in increased competition for overseas print jobs, which may continue to pressure our profit margins.

Geopolitical factors pose the greatest threat to Far East printers. The ongoing tension between the East and West could potentially escalate into a renewed trade war, resulting in blanket tariffs on Chinese goods. In response, the management has been increasing the production capacity in Malaysia over the past few years. The Papercraft plant has become a more efficiently run operation, earning greater confidence from our clients in its print services. We are confident that if a 60% blanket tariff is imposed on Chinese goods, our Malaysian operation could serve as a strategic export and re-export gateway for our Far East printing services.

Barring any significant market or geopolitical upheaval and bolstered by the solid foundation of our 1H performance, we remain cautiously optimistic about our full year outlook. Over the past 24 months, the Group has taken on more bank debt in anticipation of M&A opportunities. After a critical review of our cash and debt levels, we have decided to repay some of the bank debt due to the lack of deal-making opportunities at reasonable valuations.

We are pleased to declare an interim dividend of 3.0 cents per ordinary share, along with a special dividend of 1.5 cents per ordinary share. Notwithstanding the cautious outlook of the trading environment, the one-off special dividend of 1.5 cents declared is underpinned by the Group's surplus cash reserves. Historically, the Group has been paying two dividends annually: the first typically in September and a second, upon shareholder approval, usually in June of the following year. Moving forward, we will pay the second dividend earlier as a second interim dividend, replacing the final dividend. We target to pay a second interim dividend in April 2025, upon completion of the Group's audited accounts, thereby eliminating the final dividend. This change, proposed by our shareholders at the last annual general meeting, allows for the distribution of the second dividend two months earlier. This demonstrates that our shareholders have been an important voice of reason for the Group.

## FINANCIAL REVIEW

Turnover for the six months ended 30 June 2024 increased by 3.9% to approximately HK\$1,257.3 million (2023: HK\$1,209.7 million). Turnover from the printing segment grew by 7.9% for the six months ended 30 June 2024 was driven by the restocking of inventory from publishers and the move forward of orders from customers to mitigate freight delay risks due to Red Sea shipping disruption. Turnover from the publishing segment decreased by 4.0% primarily caused by a decline in foreign rights and co-edition sales to other publishers.

Gross profit margin increased slightly from 31.6% for the six months ended 30 June 2023 to 31.8% for the same corresponding period in 2024. The margin in the publishing segment increased as a result of the drop in the printing and other book production cost. On the contrary, stronger competition from Chinese printers resulted in pricing pressure among printers, causing the decrease in margin in the printing segment.

Interest income increased from approximately HK\$9.4 million for the six months period ended 30 June 2023 to HK\$10.0 million for the same corresponding period in 2024. Higher interest income was earned by placing non-operating cash into fixed deposits, partially offsetting the higher borrowing costs while maintaining quick cash for acquisition opportunities.

Other income decreased to approximately HK\$13.7 million for the six months ended 30 June 2024, as compared to approximately HK\$16.2 million for the same period in 2023. The decrease was mainly caused by the decrease in gain on disposal of property, plant and equipment of approximately HK\$3.4 million, which was then partially offset by the increase in exchange gain during the period.

Selling and distribution costs increased from approximately HK\$168.6 million for the six months period ended 30 June 2023 to HK\$180.7 million for the same corresponding period in 2024. Selling and distribution costs against sales increased from 13.9% to 14.4%. The increase was attributed to the upsurge of freight cost in the printing segment and the increase in marketing and promotion costs related to the publishing business.

Administrative expenses increased to approximately HK\$114.7 million for the six months ended 30 June 2024, as compared to HK\$110.9 million for the corresponding period in 2023. The increase was mainly driven by the increase in legal and professional fees incurred relating to the consultation and advisory fees on corporate projects on de-listing, tender offer and share repurchase in a subsidiary, The Quarto Group, Inc. Occupancy costs in our UK office also increase mainly associated with the higher rates and utilities costs.

Other expenses represented the expected credit loss on trade receivables. The decrease was due to the decrease in overall exposure in credit risk following gradual recovery of slow payment customers.



## MANAGEMENT DISCUSSION AND ANALYSIS

Finance costs decreased to approximately HK\$13.4 million for the six months ended 30 June 2024, as compared with HK\$16.5 million for the corresponding period in 2023. The decrease was attributed to the gradual repayment of bank borrowings in 2024.

Income tax expenses decreased to approximately HK\$24.0 million for the six months ended 30 June 2024 (2023: HK\$25.0 million). A higher effective tax rate in 2023 was due to the tax loss credit not recognised in our Singapore and Malaysian entities while these entities started to generate profit in 2024.

Profit attributable to owners of the Company amounted to approximately HK\$79.1 million for the six months ended 30 June 2024, compared with approximately HK\$71.2 million to the same period in last year.

### LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2024, the Group had net current assets of approximately HK\$843.4 million (31 December 2023: HK\$991.5 million) of which the cash and bank deposits were approximately HK\$516.4 million (31 December 2023: HK\$780.1 million). The Group's current ratio was approximately 2.0 (31 December 2023: 2.1).

Total bank borrowings and lease liabilities as at 30 June 2024 were approximately HK\$428.0 million (31 December 2023: HK\$485.7 million). All bank borrowings were denominated in Hong Kong dollars, carried at floating rate and repayable within five years. The Group's gearing ratio as at 30 June 2024 was 26.0% (31 December 2023: 27.0%), which is calculated on the basis of the Group's total interest-bearing debts (comprising bank and other borrowings and lease liabilities) over the total equity interest.

During the period, the Group had acquired property, plant and equipment at approximately HK\$21.8 million. The purchase was financed by internal resources.

The Group's policy is to regularly monitor 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 mainly 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, Hong Kong dollars and Renminbi. From time to time the Group enters into foreign currency exchange contracts to hedge its currency risk.

### PLEDGE OF ASSETS

As at 30 June 2024, the Group had pledged deposit of approximately HK\$0.2 million as a security for the banking guarantee facilities of a subsidiary.

### CAPITAL COMMITMENTS AND CONTINGENT LIABILITY

As at 30 June 2024, the Group had committed to acquire machinery of approximately HK\$5.8 million. The acquisition was financed by the Group's internal resources.

The Group had no significant contingent liability as at 30 June 2024.

The Board of Directors (the “Board”) of Lion Rock Group Limited (the “Company”) presents the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2024 together with the comparative unaudited figures for the corresponding period in 2023 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Notes	(Unaudited)	
		Six months ended 30 June	
		2024	2023
		HK\$'000	HK\$'000
<b>Revenue</b>	3	1,257,315	1,209,685
Direct operating costs		(858,068)	(826,970)
<b>Gross profit</b>		399,247	382,715
Interest income		9,965	9,415
Other income		13,733	16,242
Selling and distribution costs		(180,748)	(168,634)
Administrative expenses		(114,703)	(110,898)
Other expenses		(2,198)	(3,860)
Finance costs	4	(13,416)	(16,459)
<b>Profit before income tax</b>	5	111,880	108,521
Income tax expense	6	(24,034)	(25,014)
<b>Profit for the period</b>		87,846	83,507
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange loss on translation of financial statements of foreign operations		(14,597)	(8,030)
<b>Other comprehensive income for the period, net of tax</b>		(14,597)	(8,030)
<b>Total comprehensive income for the period</b>		73,249	75,477
<b>Profit for the period attributable to:</b>			
Owners of the Company		79,098	71,157
Non-controlling interests		8,748	12,350
		87,846	83,507
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		69,058	64,764
Non-controlling interests		4,191	10,713
		73,249	75,477
<b>Earnings per share for profit attributable to owners of the Company during the period</b>	7		
– Basic		HK10.55 cents	HK9.61 cents
– Diluted		HK10.49 cents	HK9.46 cents

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 June 2024

		(Unaudited) At 30 June 2024	(Audited) At 31 December 2023
	Notes	HK\$'000	HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	249,381	255,912
Deposits for acquisition of property, plant and equipment		6,543	15,925
Right-of-use assets	9	135,850	142,501
Intangible assets	10	527,039	516,534
Deferred tax assets		43,051	44,714
		961,864	975,586
<b>Current assets</b>			
Inventories		416,952	430,510
Trade and other receivables and deposits	11	749,600	702,868
Financial assets at fair value through profit or loss	19	–	238
Pledged deposits		234	141
Cash and cash equivalents		516,365	780,094
		1,683,151	1,913,851
<b>Current liabilities</b>			
Trade and other payables	12	464,382	486,920
Bank borrowings	13	278,150	330,029
Lease liabilities		34,505	36,179
Provisions		27,117	29,406
Provision for taxation		35,629	39,863
		839,783	922,397
<b>Net current assets</b>		843,368	991,454
<b>Total assets less current liabilities</b>		1,805,232	1,967,040
<b>Non-current liabilities</b>			
Provisions		3,301	3,487
Lease liabilities		115,387	119,534
Deferred tax liabilities		42,011	43,502
		160,699	166,523
<b>Net assets</b>		1,644,533	1,800,517
<b>EQUITY</b>			
Share capital	14	7,700	7,700
Reserves		1,425,150	1,444,707
<b>Equity attributable to owners of the Company</b>		1,432,850	1,452,407
<b>Non-controlling interests</b>		211,683	348,110
<b>Total equity</b>		1,644,533	1,800,517

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## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	(Unaudited)	
	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Operating activities		
Profit before income tax	111,880	108,521
Adjustments for:		
Depreciation of property, plant and equipment	22,904	20,831
Depreciation of right-of-use assets	21,178	22,052
Amortisation and impairment of intangible assets	51,618	57,398
Equity-settled share-based payment expenses	1,583	2,594
Impairment of receivables	2,199	3,860
Interest income	(9,965)	(9,415)
Interest expenses	13,416	16,459
Written-off of intangible assets	5,311	8,988
Gain on financial assets at fair value through profit or loss	(317)	–
Loss on financial liabilities at fair value through profit or loss	–	294
Gain on disposal of property, plant and equipment	(17)	(3,429)
(Gain) Loss on termination of lease contract	(4)	5
Operating profit before working capital changes	219,786	228,158
Decrease (Increase) in inventories	7,121	(2,279)
(Increase) Decrease in trade and other receivables and deposits	(54,376)	43,226
Decrease in trade and other payables and provisions	(19,564)	(54,119)
Decrease in financial assets at fair value through profit or loss	555	–
Increase in financial liabilities at fair value through profit or loss	–	420
Cash generated from operations	153,522	215,406
Income taxes paid	(27,902)	(19,396)
Net cash generated from operating activities	125,620	196,010
Investing activities		
Interest received	9,965	9,415
Increase in pledged deposits	(93)	–
Payments for purchases of property, plant and equipment	(21,837)	(42,328)
Decrease in deposit for acquisition of property, plant and equipment	9,166	7,047
Proceeds from disposals of property, plant and equipment	774	3,905
Payments for addition of intangible assets	(69,514)	(66,630)
Proceeds from lease received from tenants	–	460
Purchase of additional interest in subsidiaries	(6,078)	(117)
Share repurchase in a subsidiary	(157,103)	–
Net cash used in investing activities	(234,720)	(88,248)

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the six months ended 30 June 2024

	(Unaudited)	
	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Financing activities		
Proceeds from new bank borrowing	50,000	150,000
Repayments of bank borrowings	(101,879)	(112,926)
Interest paid on bank borrowings	(10,002)	(13,430)
Repayments of principal portion of the lease liabilities	(20,250)	(22,562)
Interest portion of the lease liabilities paid	(3,414)	(2,709)
Dividends paid to the owners of the Company	(59,992)	(74,042)
Dividends paid to non-controlling interests	(7,643)	–
Net cash used in financing activities	(153,180)	(75,669)
Net (decrease) increase in cash and cash equivalents	(262,280)	32,093
Effect of exchange rate fluctuations, net	(1,449)	5,790
Cash and cash equivalents at the beginning of the period	780,094	770,217
Cash and cash equivalents at the end of the period	516,365	808,100
Analysis of balances of cash and cash equivalents		
Bank balances and cash	516,365	808,100

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	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 final dividend	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	HK\$'000	HK\$'000
Balance at 1 January 2024 (Audited)	7,700	173,078	(82,505)	(136,875)	310,125	737	(5,128)	8,893	(15,056)	61,600	1,129,838	1,452,407	348,110	1,800,517
2023 final dividends paid	-	-	-	-	-	-	-	-	-	(61,600)	-	(61,600)	-	(61,600)
Dividend in relation to share award	-	-	-	-	-	-	-	-	-	-	1,608	1,608	-	1,608
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(7,643)	(7,643)
Acquisition of additional interest in subsidiaries	-	-	-	-	-	-	(4,191)	-	-	-	-	(4,191)	(1,887)	(6,078)
Change in shareholding in a subsidiary due to repurchase of shares (note 20)	-	-	-	-	-	-	(26,015)	-	-	-	-	(26,015)	(131,088)	(157,103)
Recognition of equity-settled share-based payment expenses	-	-	-	-	-	-	-	1,583	-	-	-	1,583	-	1,583
Lapsed of shares under share award scheme	-	-	-	-	-	-	-	(336)	-	-	336	-	-	-
Shares vested under share award scheme	-	-	-	-	-	-	-	(636)	678	-	(42)	-	-	-
Transactions with owners	-	-	-	-	-	-	(30,206)	611	678	(61,600)	1,902	(88,615)	(140,618)	(229,233)
Profit for the period	-	-	-	-	-	-	-	-	-	-	79,098	79,098	8,748	87,846
Other comprehensive income														
Currency translation	-	-	(10,040)	-	-	-	-	-	-	-	-	(10,040)	(4,557)	(14,597)
Total comprehensive income for the period	-	-	(10,040)	-	-	-	-	-	-	-	79,098	69,058	4,191	73,249
Balance at 30 June 2024 (Unaudited)	7,700	173,078	(92,545)	(136,875)	310,125	737	(35,334)	9,504	(14,378)	-	1,210,838	1,432,850	211,683	1,644,533

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the six months ended 30 June 2024

	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 final dividend	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	HK\$'000	HK\$'000
<b>Balance at 1 January 2023 (Audited)</b>	7,700	173,078	(83,092)	(136,875)	310,125	737	(5,101)	10,157	(21,618)	77,000	1,025,857	1,357,968	296,993	1,654,961
2022 final and special dividends paid	-	-	-	-	-	-	-	-	-	(77,000)	-	(77,000)	-	(77,000)
Dividend in relation to share award	-	-	-	-	-	-	-	-	-	-	2,958	2,958	-	2,958
Acquisition of additional interest in subsidiaries	-	-	-	-	-	-	(27)	-	-	-	-	(27)	(90)	(117)
Recognition of equity-settled share-based payment expenses	-	-	-	-	-	-	-	2,594	-	-	-	2,594	-	2,594
<b>Transactions with owners</b>	-	-	-	-	-	-	(27)	2,594	-	(77,000)	2,958	(71,475)	(90)	(71,565)
Profit for the period	-	-	-	-	-	-	-	-	-	-	71,157	71,157	12,350	83,507
Other comprehensive income														
Currency translation	-	-	(6,393)	-	-	-	-	-	-	-	-	(6,393)	(1,637)	(8,030)
<b>Total comprehensive income for the period</b>	-	-	(6,393)	-	-	-	-	-	-	-	71,157	64,764	10,713	75,477
<b>Balance at 30 June 2023 (Unaudited)</b>	7,700	173,078	(89,485)	(136,875)	310,125	737	(5,128)	12,751	(21,618)	-	1,099,972	1,351,257	307,616	1,658,873

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

The Company was incorporated in Bermuda on 9 March 2011 under the Bermuda Companies Act as an exempted limited liability company. The Company and its subsidiaries (the “Group”) are principally engaged in book publishing and the provision of printing services. The address of the Company’s registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 25 July 2011.

### 2. BASIS OF PREPARATION

The Group’s unaudited condensed consolidated interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The interim financial statements are unaudited but have been reviewed by the Company’s audit committee.

The condensed consolidated interim financial statements have been prepared under the historical cost convention, except for certain financial instruments that are measured at fair values.

The accounting policies used in preparing the interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2023 except for the adoption of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKAS”) and Interpretations which are relevant to the operations of the Group and mandatory for annual periods beginning 1 January 2024.

The adoption of these new and revised HKFRSs had no material impact on the unaudited condensed consolidated financial statements of the Group for the current and prior accounting period.

The Group has not early adopted the new HKFRSs that have been issued but are not yet effective. The directors of the Company are currently assessing the impact of these new HKFRSs but are not yet in a position to state whether they would have material financial impact on the Group’s results of operations and financial position.

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## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 3. SEGMENT INFORMATION

The executive directors determined that the Group has two reportable operating segments as follows:

Printing – provision of printing services;

Publishing – book publishing.

Inter-segment transactions are on arm's length basis in a manner similar to transactions with third parties.

The following table present information of revenue and profit for the period on the basis of the Group's operating segments for the six months ended 30 June 2024:

Six months ended 30 June 2024

	<b>Printing (Unaudited)</b>	<b>Publishing (Unaudited)</b>	<b>Elimination (Unaudited)</b>	<b>Consolidated (Unaudited)</b>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Revenue</b>				
– External	870,089	387,226	–	1,257,315
– Inter-segment	70,848	–	(70,848)	–
	940,937	387,226	(70,848)	1,257,315
<b>Segment result</b>	108,582	18,543	–	127,125
Unallocated corporate income				–
Unallocated corporate expenses				(1,829)
Finance costs				(13,416)
<b>Profit before income tax</b>				<b>111,880</b>

Six months ended 30 June 2023

	<b>Printing (Unaudited)</b>	<b>Publishing (Unaudited)</b>	<b>Elimination (Unaudited)</b>	<b>Consolidated (Unaudited)</b>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Revenue</b>				
– External	806,367	403,318	–	1,209,685
– Inter-segment	65,659	–	(65,659)	–
	872,026	403,318	(65,659)	1,209,685
<b>Segment result</b>	102,779	23,710	–	126,489
Unallocated corporate income				–
Unallocated corporate expenses				(1,509)
Finance costs				(16,459)
<b>Profit before income tax</b>				<b>108,521</b>

### 3. SEGMENT INFORMATION (CONTINUED)

The analysis of the Group's revenue by geographical location is as follows:

Revenue – based on the country in which the customer is located, are analysed as follows:

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
United States of America	605,808	548,551
Australia	304,952	337,352
United Kingdom	151,454	121,662
Spain	35,412	37,028
Canada	25,084	26,916
Italy	24,411	9,151
Germany	12,789	19,214
France	12,774	15,622
Mexico	12,394	382
Netherlands	12,089	14,937
Hong Kong (domicile)	476	261
Others	59,672	78,609
	1,257,315	1,209,685

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### 4. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest charges on bank borrowings, wholly repayable within five years	10,002	13,430
Amortisation of borrowing costs	–	305
Interest on lease liabilities	3,414	2,724
	13,416	16,459

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 5. PROFIT BEFORE INCOME TAX

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
	HK\$'000	HK\$'000
Profit before income tax has been arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	22,904	20,831
Depreciation of right-of-use assets	21,178	22,052
Amortisation and impairment of intangible assets	51,618	57,398
Employee benefit expenses	295,778	287,187
Less: Staff cost capitalised	(40,341)	(37,858)
Net foreign exchange loss	1,377	5,554
Written-off of intangible assets	5,311	8,988
(Gain) Loss on financial assets/liabilities at fair value through profit or loss	(317)	294
Gain on disposals of property, plant and equipment	(17)	(3,429)
Interest income	(9,965)	(9,415)

### 6. INCOME TAX EXPENSE

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The amount of income tax expense charged to the condensed consolidated statement of profit or loss and other comprehensive income represents:

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong profits tax		
– Current year	9,556	14,107
Overseas tax		
– Current year	12,063	8,474
– Underprovision in prior year	2,279	–
Deferred taxation charge	136	2,433
	24,034	25,014

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

## 7. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Earnings for the purposes of basic earnings per share for the period	79,098	71,157

  

	Number of shares ('000)	
	2024	2023
Weighted average number of ordinary shares for the purpose of basic earnings per share (Note)	749,698	740,417
Effect of dilutive potential ordinary shares on share:		
– Share awards	4,261	12,083
	753,959	752,500

Note: Weighted average number of ordinary shares for the purpose of basic earnings per share represents shares in issue less shares held for share award scheme that have not been vested unconditionally by the employees during the period.

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## 8. PROPERTY, PLANT AND EQUIPMENT

	Construction in Progress	Land and buildings	Furniture and fixtures	Office equipment	Leasehold improve- ments	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
Period ended 30 June 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	(196)	(133)	(55)	(14)	(186)	(31)	(11)	(4,081)	(4,707)
Additions	287	164	608	60	2,342	228	–	18,148	21,837
Disposals	–	–	–	(40)	–	(5)	(124)	(588)	(757)
Depreciation	–	(267)	(312)	(227)	(2,039)	(719)	(286)	(19,054)	(22,904)
Closing net book amount	11,189	12,106	4,465	1,062	14,109	2,543	1,606	202,301	249,381
At 30 June 2024									
Cost	15,445	26,084	10,919	8,734	86,113	20,452	5,667	543,269	716,683
Accumulated depreciation and impairment	(4,256)	(13,978)	(6,454)	(7,672)	(72,004)	(17,909)	(4,061)	(340,968)	(467,302)
Net book amount	11,189	12,106	4,465	1,062	14,109	2,543	1,606	202,301	249,381

As at 30 June 2024 and 31 December 2023, the Group's land and buildings represented freehold land and buildings of HK\$3,745,000 (31 December 2023: HK\$3,963,000), which are situated in Australia; and (2) leasehold buildings of HK\$8,361,000 (31 December 2023: HK\$8,379,000), which are situated in Malaysia.

As at 30 June 2024, the net book value of assets under construction includes an amount of HK\$11,189,000 (31 December 2023: HK\$11,098,000) relating to the Group assets under construction. The cost of the factory will be depreciated once the property is complete and available for use. No interest or borrowing costs was capitalised during the year.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 9. RIGHT-OF-USE ASSETS

	Leasehold land	Leased properties	Plant and equipment	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 December 2023 and 1 January 2024	4,261	134,726	3,514	142,501
At 30 June 2024	4,130	128,612	3,108	135,850

### 10. INTANGIBLE ASSETS

	Goodwill (Unaudited)	Pre-publication costs (Unaudited)	Total (Unaudited)
	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2024	321,331	195,203	516,534
Addition	–	69,514	69,514
Written off	–	(5,311)	(5,311)
Amortisation and impairment	–	(51,618)	(51,618)
Exchange differences	(893)	(1,187)	(2,080)
At 30 June 2024	320,438	206,601	527,039

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### 11. TRADE AND OTHER RECEIVABLES AND DEPOSITS

The Group generally allows a credit period from 30 to 150 days to its trade customers. Ageing analysis of trade receivables as at 30 June 2024, based on sales invoice date, is as follows:

	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
	HK\$'000	HK\$'000
0 – 30 days	209,140	222,120
31 – 60 days	191,838	185,209
61 – 90 days	150,312	102,405
91 – 120 days	65,398	63,056
121 – 150 days	19,673	23,433
Over 150 days	24,806	41,527
Total trade receivables	661,167	637,750
Less: Provision for impairment	(26,239)	(30,752)
Net trade receivables	634,928	606,998
Other receivables and deposits, net of provisions	114,672	95,870
	749,600	702,868

**12. TRADE AND OTHER PAYABLES**

As at 30 June 2024, the ageing analysis of trade payables based on invoice date is as follows:

	<b>At 30 June 2024 (Unaudited)</b>	<b>At 31 December 2023 (Audited)</b>
	HK\$'000	HK\$'000
0 – 30 days	90,980	99,118
31 – 60 days	50,895	39,999
61 – 90 days	18,908	16,475
91 – 120 days	6,855	16,085
Over 120 days	3,727	5,703
Total trade payables	171,365	177,380
Other payables and accruals	293,017	309,540
	464,382	486,920

**13. BANK BORROWINGS**

	<b>At 30 June 2024 (Unaudited)</b>	<b>At 31 December 2023 (Audited)</b>
	HK\$'000	HK\$'000
Bank loans due for repayment within one year	200,727	185,576
Bank loans due for repayment in the second year which contain a repayment on demand clause	77,423	106,786
Bank loans due for repayment in the third to fifth year which contain a repayment on demand clause	–	37,667
Total bank borrowings – current portion	278,150	330,029

All bank borrowings are supported by the corporate guarantees of the Company and interest bearing at floating rates.

**14. SHARE CAPITAL**

	<b>No. of shares</b>	<b>Amount</b>
	('000)	HK\$'000
Authorised: Ordinary shares of HK\$0.01 each	1,500,000	15,000
Issued and fully paid: At 1 January 2024 and 30 June 2024	770,000	7,700

**15. CAPITAL COMMITMENTS**

As at 30 June 2024, the Group had capital commitments contracted but not provided for in respect of the acquisition of property, plant and equipment of approximately HK\$5,815,000 (31 December 2023: HK\$5,072,000).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 16. DIVIDENDS AND DISTRIBUTION

- (a) Dividends and distribution attributable to the previous financial year, approved and paid during the interim period

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
	HK\$'000	HK\$'000
Final dividend in respect of the year ended 31 December 2023, approved and paid during the interim period of HK\$0.080 (2022: HK\$0.070) per share	61,600	53,900
Special dividend in respect of the year ended 31 December 2023, approved and paid during the interim period of Nil (2022: HK\$0.030) per share	–	23,100
Dividends received from shares held under share award scheme	(1,608)	(2,958)
	59,992	74,042

- (b) Dividends attributable to the interim period

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
	HK\$'000	HK\$'000
Interim dividend declared – HK\$0.030 (2023: HK\$0.030) per share (Note)	23,100	23,100
Special dividend declared – HK\$0.015 (2023: Nil) per share (Note)	11,550	–
	34,650	23,100

Note:

The amount of the interim dividend and special dividend declared for the six months ended 30 June 2024, 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 interim dividend and special dividend are not reflected as dividend payable in the condensed consolidated interim financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2024.

## 17. RELATED PARTY TRANSACTIONS

### Compensation of key management personnel

The directors of the Company were considered to be key management personnel of the Group. The remuneration of key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Short-term remuneration	4,432	4,402
Post-employment benefit	101	99
Equity settled share-based payments	284	478
	4,817	4,979

## 18. CONTINGENT LIABILITIES

As at 30 June 2024, the Group had no significant contingent liabilities (31 December 2023: Nil).

## 19. FAIR VALUE MEASUREMENT

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### (i) Recurring fair value measurements

	At 30 June 2024		At 31 December 2023	
	(unaudited)		(audited)	
	Level 1	Level 2	Level 1	Level 2
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	–	–	–	238
Net fair values	–	–	–	238

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

Trade and other receivables, trade and other payables, bank borrowings and lease liabilities are carried at cost or amortised cost which are not materially different from their fair values as at 30 June 2024 and 31 December 2023.

### (iii) Measurement of fair values

The fair values of forward foreign exchange contracts are measured using the applicable forward exchange rates and market prices at the reporting date.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 20. SHARE REPURCHASE IN A SUBSIDIARY

In March 2024, The Quarto Group, Inc (“Quarto”), a non-wholly owned subsidiary of the Company, repurchased 10,639,491 of its shares through tender offer at a total consideration of approximately HK\$157,103,000. The shares were subsequently cancelled in May 2024. As a result of this capital reduction, the equity interests in Quarto held by the Group was increased from 50.08% to 67.79%. The difference between the proportionate share of the carrying amount of net assets and the consideration paid for repurchase and cancellation of Quarto’s shares have been debited to other reserve.

The transactions had been accounted for as equity transactions with the non-controlling interests as follows:

	<b>Six months ended 30 June 2024 (Unaudited)</b>
	HK\$'000
Consideration paid	157,103
Net assets attributable to additional ownership interest	(131,088)
Decrease in equity attributable to owner of the Company (included in other reserve)	26,015

## OTHER DISCLOSURES

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 30 June 2024, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules (the "Model Code"), were as follows:

(a) Long Position in the shares of the Company

Name of Directors	Personal	Family	Corporate	Total	Percentage
	Interests	Interests	Interests	Interests	to the issued share capital of the Company
	(Shares)	(Shares)	(Shares)	(Shares)	(%)
Mr. Lau Chuk Kin (Note 1)	93,183,906	Nil	266,432,717	359,616,623	46.70
Ms. Lam Mei Lan	10,148,688	Nil	Nil	10,148,688	1.32
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	200,000	Nil	Nil	200,000	0.03

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

Name of Directors	Personal	Family	Corporate	Total	Percentage
	Interests	Interests	Interests	Interests	to the issued share capital of Left Field
	(Shares)	(Shares)	(Shares)	(Shares)	(%)
Mr. Lau Chuk Kin (Note 3)	11,990,278	Nil	324,256,997	336,247,275	67.43
Ms. Lam Mei Lan	1,035,543	Nil	Nil	1,035,543	0.21



## OTHER DISCLOSURES

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

Name of Directors	Number of shares				
	Granted but not yet vested at 1.1.2024	Granted during the period	Vested during the period	Cancelled/lapsed during the period	Granted but not yet vested at 30.6.2024
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

Note 1: Of 266,432,717 shares, 258,135,326 shares and 8,297,391 shares are beneficially owned by City Apex Ltd. and ER2 Holdings Limited (“ER2 Holdings”) respectively. As at 30 June 2024, ER2 Holdings was the ultimate holding company of City Apex Ltd.. Mr. Lau Chuk Kin owned 69.76% of the issued share capital of ER2 Holdings and accordingly, Mr. Lau is deemed to be interested in the said shares pursuant to Part XV of the Securities and Futures Ordinance.

Note 2: The shares are beneficially owned by Dragon Might Global Limited (“Dragon Might”). As at 30 June 2024, Dragon Might is 100% directly owned by Mr. Guo Junsheng and therefore Mr. Guo is deemed to be interested in the said shares.

Note 3: Of 324,256,997 shares, 16,133,457 shares, 518,586 shares and 307,604,954 shares are beneficially owned by City Apex Ltd., ER2 Holdings and Bookbuilders BVI Ltd respectively. As at 30 June 2024, Bookbuilders BVI Ltd is an indirect wholly-owned subsidiary of the Company. As stated in note 1 above, Mr. Lau is deemed to be interested in 46.70% issued share capital of the Company. Accordingly, Mr. Lau is deemed to be interested in the said shares.

Save as disclosed above, as at 30 June 2024, to the knowledge of the Company, none of the directors or chief executive of the Company and their respective associates had or was deemed to have any interests or 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.

## SUBSTANTIAL SHAREHOLDERS

As at 30 June 2024, 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)	8,297,391	258,135,326	266,432,717	34.60
City Apex Ltd. (Note 1)	258,135,326	Nil	258,135,326	33.52
Mr. Chang Mun Kee (Note 2)	10,067,583	54,112,030	64,179,613	8.34
Mr. Webb David Michael (Note 3)	27,931,168	41,413,808	69,344,976	9.00
JcbNext Berhad (Note 2)	54,112,030	Nil	54,112,030	7.03
Preferable Situation Assets Limited (Note 3)	41,413,808	Nil	41,413,808	5.38

Note 1: 258,135,326 shares are beneficially owned by City Apex Ltd. ER2 Holdings was 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.

Note 2: According to the record kept by the Company, Mr. Chang Mun Kee is interested in 45.49% of the shares in JcbNext Berhad. Therefore, Mr. Chang is deemed to be interested in the said shares held by Jcbnext Berhad.

Note 3: According to the record kept by the Company, as at 30 June 2024, Preferable Situation Assets Limited is 100% directly owned by Mr. Webb David Michael and therefore Mr. Webb is deemed to be interested in the said shares held by Preferable Situation Assets Limited.

Save as disclosed above, as at 30 June 2024, 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.

## OTHER DISCLOSURES

### SHARE AWARD SCHEME

A share award scheme (the "1010 Share Award Scheme") was adopted by the Company on 30 December 2013. The purpose of the 1010 Share Award Scheme is to recognize and motivate the contribution of participants and to incentivize 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, administrating and holding the Company's shares for the 1010 Share Award Scheme. The total number of shares which may be granted to the selected participant under the 1010 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 1010 Share Award Scheme was effective for a term of ten years commencing from the adoption date and was expired on 30 December 2023.

During the six months period ended 30 June 2024, no shares were purchased under the 1010 Share Award Scheme. At 30 June 2024, the Company had 19,236,000 unvested awards under the 1010 Share Award Scheme.

Details of the unvested share awards granted for the six months ended 30 June 2024 were as follows:

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 period	Vested during the period	Outstanding as at 30 June 2024	Closing price per share before date of grant
				HK\$						HK\$
<b>Directors</b>										
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	
<b>Other Employees</b>										
	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	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			17,972,000	
						Total	(768,000)	(928,000)	19,236,000	

\*\* Fair value determined based on observable market price of shares at grant date

### SHARE OPTION SCHEME

The Company has no share option scheme as at 30 June 2024 and at the date of this interim report.

### PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

### CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the code provisions set out in the Corporate Governance Code (the “Code Provision”) contained in Appendix C1 of the Listing Rules throughout the six months period ended 30 June 2024.

### MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding directors’ securities transactions. Having made specific enquiry to all the Directors, the Company was not aware of any non-compliance with the required standard set out in the Model Code regarding securities transactions by the directors throughout the six months ended 30 June 2024.

### EMPLOYEES AND EMOLUMENT POLICY

As at 30 June 2024, the Group had around 1,797 full-time employees (30 June 2023: 1,748). 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 employee benefits include share award, provident fund, insurance and medical cover.

### INTERIM AND SPECIAL DIVIDENDS AND CLOSURE OF REGISTER OF MEMBERS

The Board has resolved to recommend the payment of an interim dividend of HK\$0.030 (2023: HK\$0.030) per ordinary share and a special dividend of HK\$0.015 (2023: Nil) for the six months ended 30 June 2024 to shareholders whose names appear on the register of holders of ordinary shares of the Company as at the close of business on 10 September 2024. The register of shareholders will be closed on 10 September 2024, during which period no transfer of shares will be registered. To qualify for the interim and special dividends, 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, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on 9 September 2024. The interim and special dividends are expected to be paid on 24 September 2024.

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### AUDIT COMMITTEE

The audit committee has three members comprising the three independent non-executive directors, namely, Mr. Ho Tai Wai, David, Prof. Lee Hau Leung and Mr. Ng Siu On with terms of reference in compliance with the Listing Rules. The audit committee review the Group’s financial reporting, internal controls and make relevant recommendations to the Board.

The audit committee had met with the management to review the Company’s interim report for the six months ended 30 June 2024 and had the opinion that such report was compiled with the applicable accounting standards and adequate disclosures had been made.

By Order of the Board  
**Lau Chuk Kin**  
*Chairman*

Hong Kong, 26 August 2024



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Lau Chuk Kin (*Chairman*)  
Ms. Lam Mei Lan  
Mr. Chu Chun Wan

#### Non-Executive Directors

Mr. Li Hoi, David  
Mr. Guo Junsheng

#### Independent Non-Executive Directors

Prof. Lee Hau Leung  
Mr. Ho Tai Wai, David  
Mr. Ng Siu On

#### COMPANY SECRETARY

Ms. Tan Lai Ming *FCCA, FCCA*

#### COMPLIANCE OFFICER

Mr. Lau Chuk Kin

#### AUTHORISED REPRESENTATIVES

Ms. Lam Mei Lan  
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

#### NOMINATION COMMITTEE

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

#### REMUNERATION COMMITTEE

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

#### AUDITOR

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

#### LEGAL ADVISER

LF Legal  
Suite 2004,  
20/F, 135 Bonham Strand Trade Centre  
No.135 Bonham Strand  
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

MUFG Fund Services (Bermuda) Limited  
4th Floor North Cedar House  
41 Cedar Avenue  
Hamilton HM12  
Bermuda

##### Hong Kong Branch Registrar

Computershare Hong Kong Investor Services Limited  
Shops 1712 – 1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wan Chai  
Hong Kong

#### REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

#### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Level 11 East Wing, NEO  
123 Hoi Bun Road  
Kwun Tong  
Kowloon  
Hong Kong

#### INVESTOR RELATIONS CONTACT

investor@lionrockgroup.hk.com

#### WEBSITE

www.lionrockgroup.hk.com

#### STOCK CODE

1127



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[www.lionrockgroup.hk.com](http://www.lionrockgroup.hk.com)