LION ROCK GROUP LIMITED
獅子山集團有限公司*
(Incorporated in Bermuda with limited liability)
(Stock code: 1127)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

AUDITED RESULTS

The board of directors (the "Board") of Lion Rock Group Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2024, together with the comparative figures for the year ended 31 December 2023 as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Revenue	3	2,668,586	2,562,781
Direct operating costs		(1,778,441)	(1,723,560)
Gross profit		890,145	839,221
Other income	5	58,648	66,949
Selling and distribution costs		(377,475)	(350,128)
Administrative expenses		(231,526)	(211,955)
Reversal of/(provision for) impairment of trade receivables, net		743	(6,534)
Finance costs	6	(25,353)	(36,402)
Profit before income tax	7	315,182	301,151
Income tax expense	8	(61,590)	(60,429)
Profit for the year		253,592	240,722
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Remeasurement of long service payment liabilities		(38)	-
Items that may be reclassified subsequently to profit or loss:			
Exchange (loss)/gain on translation of financial statements of foreign operations		(45,809)	3,070
Other comprehensive income for the year, net of tax		(45,847)	3,070
Total comprehensive income for the year		207,745	243,792

* *for identification purpose only*

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2024 (Continued)

	Notes	2024 HK$'000	2023 HK$'000
Profit for the year attributable to:			
Owners of the Company		214,406	185,248
Non-controlling interests		39,186	55,474
		253,592	240,722
Total comprehensive income attributable to:			
Owners of the Company		179,329	185,835
Non-controlling interests		28,416	57,957
		207,745	243,792
Earnings per share for profit attributable to owners of the Company during the year	10		
Basic		HK28.58 cents	HK24.97 cents
Diluted		HK28.26 cents	HK24.64 cents

Consolidated Statement of Financial Position
As at 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	11	237,804	255,912
Deposits for acquisition of property, plant and equipment		13,878	15,925
Right-of-use assets	12	121,080	142,501
Intangible assets	13	525,533	516,534
Deferred tax assets		40,653	44,714
		938,948	975,586
Current assets			
Inventories	14	390,638	430,510
Trade and other receivables and deposits	15	760,127	702,868
Financial assets at fair value through profit or loss	16	-	238
Pledged deposits		209	141
Cash and cash equivalents		500,488	780,094
		1,651,462	1,913,851
Current liabilities			
Trade and other payables	17	455,255	486,920
Bank borrowings	18	163,878	330,029
Lease liabilities	19	31,292	36,179
Provisions		27,780	29,406
Provision for taxation		25,537	39,863
		703,742	922,397
Net current assets		947,720	991,454
Total assets less current liabilities		1,886,668	1,967,040
Non-current liabilities			
Provisions		1,817	3,487
Lease liabilities	19	104,249	119,534
Deferred tax liabilities		38,280	43,502
		144,346	166,523
Net assets		1,742,322	1,800,517
EQUITY			
Share capital		7,700	7,700
Reserves		1,503,023	1,444,707
Equity attributable to owners of the Company		1,510,723	1,452,407
Non-controlling interests		231,599	348,110
Total equity		1,742,322	1,800,517

Consolidated Statement of Changes in Equity
For the year ended 31 December 2024

	Attributable to owners of the Company												Non-controlling interests	Total equity
	Share capital HK$'000	Share premium HK$'000	Exchange reserve HK$'000	Merger reserve HK$'000	Contributed surplus HK$'000	Statutory reserve HK$'000	Other reserve HK$'000	Employee compensation reserve HK$'000	Share award scheme reserve HK$'000	Proposed dividend HK$'000	Retained earnings HK$'000	Total HK$'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	1,129,838	1,452,407	348,110	1,800,517
2023 final dividends paid (Note 9)	-	-	-	-	-	-	-	-	-	(61,600)	-	(61,600)	-	(61,600)
2024 first interim and first special dividend paid (Note 9)	-	-	-	-	-	-	-	-	-	-	(34,650)	(34,650)	-	(34,650)
Dividend in relation to share award scheme	-	-	-	-	-	-	-	-	-	-	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-settled share-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	-	-	-	-	-	-	-	-	-	-	(38)	(38)	-	(38)
Total comprehensive income for the year	-	-	(35,039)	-	-	-	-	-	-	-	214,368	179,329	28,416	207,745
Balance at 31 December 2024	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

Consolidated Statement of Changes in Equity
For the year ended 31 December 2024 (Continued)

	Attributable to owners of the Company												Non-controlling interests	Total equity
	Share capital HK$'000	Share premium HK$'000	Exchange reserve HK$'000	Merger reserve HK$'000	Contributed surplus HK$'000	Statutory reserve HK$'000	Other reserve HK$'000	Employee compensation reserve HK$'000	Share award scheme reserve HK$'000	Proposed dividend HK$'000	Retained earnings HK$'000	Total HK$'000	HK$'000	HK$'000
Balance as at 1 January 2023	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 (Note 9)	-	-	-	-	-	-	-	-	-	(77,000)	-	(77,000)	-	(77,000)
2023 interim dividend paid (Note 9)	-	-	-	-	-	-	-	-	-	-	(23,100)	(23,100)	-	(23,100)
Dividend in relation to share award scheme	-	-	-	-	-	-	-	-	-	-	3,846	3,846	-	3,846
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(6,750)	(6,750)
Recognition of equity-settled share-based expenses	-	-	-	-	-	-	-	4,885	-	-	-	4,885	-	4,885
Acquisition of additional interests in subsidiaries	-	-	-	-	-	-	(27)	-	-	-	-	(27)	(90)	(117)
Shares vested under share award scheme	-	-	-	-	-	-	-	(6,149)	6,562	-	(413)	-	-	-
Transactions with owners	-	-	-	-	-	-	(27)	(1,264)	6,562	(77,000)	(19,667)	(91,396)	(6,840)	(98,236)
Profit for the year	-	-	-	-	-	-	-	-	-	-	185,248	185,248	55,474	240,722
Other comprehensive income														
Currency translation	-	-	587	-	-	-	-	-	-	-	-	587	2,483	3,070
Total comprehensive income for the year	-	-	587	-	-	-	-	-	-	-	185,248	185,835	57,957	243,792
2023 proposed final dividend (Note 9)	-	-	-	-	-	-	-	-	-	61,600	(61,600)	-	-	-
Balance at 31 December 2023	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

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 and its subsidiaries are collectively referred to as the "Group" hereafter.

The financial statements 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.

2. Adoption of Hong Kong Financial Reporting Standards Accounting Standards

2.1 Adoption of new or 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 1	Classification of Liabilities as Current or Non-current
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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 1 and Hong Kong Interpretation 5 (Revised) - Classification of Liabilities as Current or Non-current and Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The amendments specify that an entity's right to defer settlement must exist at the end of reporting period. The amendments also clarify that classification is unaffected by management's intention or expectation about whether the entity will exercise its right to defer settlement, clarify how lending conditions affect classification; and clarify the classification of liabilities that will or may be settled by issuing an entity's own equity instruments.

2. Adoption of Hong Kong Financial Reporting Standards Accounting Standards (Continued)

2.1 Adoption of new or amended HKFRS Accounting Standards (Continued)

Amendments to HKAS 1 - Non-current Liabilities with Covenants

The 2022 Amendments modify the requirements introduced by the amendments to HKAS 1 issued in 2020, Classification of Liabilities as Current or Non-current (the "2020 Amendments") on how an entity classifies debt and other financial liabilities with covenants as current or non-current. The amendments specify that only covenants with which the entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

Amendments to HKFRS 16 - Lease Liability in a Sale and Leaseback

The amendments clarify how an entity accounts for sale and leaseback after the date of the transaction. The amendments require the seller-lessee to apply the general requirements for subsequent accounting of the lease liability in such a way that its does not recognise any gain or loss relating to the right of use it retains.

Amendments to HKAS 7 and HKFRS 7 - Supplier Finance Arrangements

The amendments introduce disclosure requirements to enhance transparency of supplier finance arrangements and their effects on a entity's liabilities, cash flows and exposure to liquidity risk.

The application of these amendments have had no material impact on the Group's financial positions and performance for the current and prior years while the amendment to HKAS 1 has no effect on the measurement or presentation of any items in the Consolidated financial statements of the Group but affect the disclosure of accounting policies of the Group.

2.2 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 HKAS 21 and HKFRS 1	Lack of Exchangeability[1]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[2]
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[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 18	Presentation and Disclosure in Financial Statements3

2. Adoption of Hong Kong Financial Reporting Standards Accounting Standards (Continued)

2.2 New or amended HKFRS Accounting Standards that have been issued but are not yet effective (Continued)

[1] Effective for annual periods beginning on or after 1 January 2025.
[2] Effective for annual periods beginning on or after 1 January 2026.
[3] Effective for annual periods beginning on or after 1 January 2027.
[4] 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 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 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.

Amendments to HKFRS 9 and HKFRS 7 - Contracts Referencing Nature-dependent Electricity

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.

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.

HKFRS 18 – Presentation and Disclosure in Financial Statements

HKFRS 18 will replace HKAS 1 and aims to improve the transparency and comparability of information about an entity's financial performance. The main changes comprise: a more structured income statement, enhanced disclosure requirement on management- defined performance measures; and enhanced requirements on aggregation and disaggregation of information.

2. Adoption of Hong Kong Financial Reporting Standards Accounting Standards (Continued)

2.2 New or amended HKFRS Accounting Standards that have been issued but are not yet effective (Continued)

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 HKFRS 18. The directors of the Company are currently assessing the impact of the HKFRS 18 upon initial application.

3. 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.

	2024 HK$’000	2023 HK$’000
Major products/services lines		
Provision of printing income	1,738,350	1,614,872
Provision of publishing income	930,236	947,909
	2,668,586	2,562,781

4. 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.

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	
	2024	2023	2024	2023	2024	2023	2024	2023
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue								
- External	1,738,350	1,614,872	930,236	947,909	-	-	2,668,586	2,562,781
- Inter-segment	151,201	153,836	-	-	(151,201)	(153,836)	-	-
	1,889,551	1,768,708	930,236	947,909	(151,201)	(153,836)	2,668,586	2,562,781
Segment Result	244,612	236,275	99,379	104,410	-	-	343,991	340,685
Unallocated corporate expenses							(3,456)	(3,132)
Finance cost							(25,353)	(36,402)
Profit before income tax							315,182	301,151

4. Segment information (Continued)

	Printing		Publishing		Consolidation	
	2024	2023	2024	2023	2024	2023
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Other Segment Information:						
Additions to property, plant and equipment	36,086	77,020	473	1,848	36,559	78,868
Additions to right-of-use assets	7,263	1,720	-	-	7,263	1,720
Additions to pre-publication costs	-	-	137,802	134,401	137,802	134,401
Bank interest income	15,375	23,245	1,239	800	16,614	24,045
Loan interest income	66	75	-	-	66	75
Depreciation of property, plant and equipment	(43,066)	(40,631)	(2,483)	(2,372)	(45,549)	(43,003)
Depreciation of right-of-use assets	(32,226)	(32,439)	(10,221)	(10,335)	(42,447)	(42,774)
Amortisation of intangible assets, excluding that of pre-publication cost	-	-	-	(659)	-	(659)
Amortisation of pre-publication cost	-	-	(116,145)	(129,601)	(116,145)	(129,601)
Write off of pre-publication cost	-	-	(4,208)	(13,117)	(4,208)	(13,117)
(Provision for)/reversal of impairment to trade receivables, net	(2,417)	(396)	3,160	(6,138)	743	(6,534)
Gain on financial assets at fair value through profit or loss	317	936	-	-	317	936

4. 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)	
	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000
United States of America ("USA")	1,248,025	1,126,741	111,674	108,161
Australia	667,190	710,373	153,934	183,273
United Kingdom ("UK")	331,079	298,090	275,478	274,103
Canada	54,367	50,845	-	-
Spain	51,931	54,012	-	-
Italy	42,806	23,726	-	-
Germany	33,842	37,719	-	-
France	31,827	40,061	-	-
Netherland	26,091	28,599	-	-
Chile	18,960	12,051	-	-
Mexico	15,050	3,519	-	-
Ireland	11,783	15,392	-	-
PRC	10,566	13,855	192,747	208,400
Singapore	10,169	12,122	360	1,147
Hong Kong (domicile)	1,092	1,073	95,999	91,255
Malaysia	211	105	68,103	64,533
Others	113,597	134,498	-	-
	2,668,586	2,562,781	898,295	930,872

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.

5. Other income

	2024 HK$'000	2023 HK$'000
Sales of scrapped paper and by-products	19,582	17,731
Sales commission	2,126	1,689
Bad debt recovered	294	4,041
Bank interest income	16,614	24,045
Interest income on lease receivables	-	25
Gain on disposal of financial assets at fair value through profit or loss	317	936
Gain on disposals of property, plant and equipment	-	4,902
Government subsidies	1,385	1,272
Foreign exchange gain, net	14,507	9,398
Loan interest income	66	75
Gain on lease modification	81	-
Sundry income	3,676	2,835
	58,648	66,949

6. Finance costs

	2024 HK$'000	2023 HK$'000
Interest charges on bank borrowings, which contain repayment on demand clause	18,339	28,735
Interest on lease liabilities	6,736	7,042
Amortisation of debt issuance costs and bank fees	263	614
Interest on long service payment liabilities	15	11
	25,353	36,402

7. Profit before income tax

	2024 HK$'000	2023 HK$'000
Profit before income tax is arrived at after charging/(crediting):		
Auditor's remuneration (Note (i) below)	5,774	6,202
(Reversal of)/provision for impairment on trade receivables	(743)	6,534
Cost of inventories recognised as direct operating costs	1,778,441	1,723,560
(Written back of)/provision for inventories, net, included in cost of inventories recognised as direct operating costs	(711)	13,610
Depreciation of owned property, plant and equipment (Note (ii) below)	45,549	43,003
Depreciation of right-of-use assets (Note (ii) below)	42,447	42,774
Amortisation of intangible assets, less amortisation of pre-publication cost	-	659
Amortisation of pre-publication costs recognised as direct operating costs	116,145	129,601
Written off of pre-publication costs recognised as direct operating costs	4,208	13,117
Short-term leases expenses	2,536	3,705
(Gain)/loss on lease modification	(81)	43
Loss/(gain) on disposals of property, plant and equipment	346	(4,902)
Employee benefit expense, including directors' emoluments (Note (iii) below)	519,480	507,344

Notes:

(i) Auditor's remuneration for other non-audit services of HK$163,000 was recognised during the year (2023: HK$108,000).

(ii) Depreciation of owned property, plant and equipment of HK$40,278,000 (2023: HK$37,548,000) and HK$5,271,000 (2023: HK$5,455,000) have been included in cost of inventories recognised as direct operating costs and administrative expenses respectively.

Depreciation of right-of-use assets of HK$21,480,000 (2023: HK$22,307,000) and HK$20,967,000 (2023: HK$20,467,000) have been included in cost of inventories recognised as direct operating costs and administrative expenses respectively.

(iii) Employee benefit expense of HK$278,398,000 (2023: HK$262,955,000), HK$118,808,000 (2023: HK$122,905,000) and HK$122,274,000 (2023: HK$121,484,000) have been included in cost of inventories recognised as direct operating costs, selling and distribution costs and administrative expenses respectively.

8. Income tax expense

For years ended 31 December 2024 and 2023, 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% (2023: 30%), 25% (2023: 25%), 26% (2023: 26%) and 17% (2023: 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.

	2024 **HK$'000**	**2023** **HK$'000**
Current tax - Hong Kong Profits Tax		
Tax for the year	20,271	23,806
Under/(over) provision in prior years	23	(1,069)
	20,294	22,737
Current tax – other overseas countries		
Tax for the year	45,809	39,525
Over provision in prior years	(3,070)	(1,107)
	42,739	38,418
Deferred tax		
Credited during the year	(1,443)	(726)
	61,590	60,429

9. 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:

	2024 **HK$'000**	**2023** **HK$'000**
Final dividend paid in respect of prior year of HK$0.08 (2023: HK$0.07) per share	61,600	53,900
Special dividend paid in respect of prior year of Nil (2023: HK$0.03) per share	-	23,100
First interim dividend paid in respect of current year of HK$0.03 (2023: HK$0.03) per share	23,100	23,100
First special dividend paid in respect of current year of HK$0.015 (2023: Nil) per share	11,550	-
Dividend in respect of shares held under share award scheme	(2,493)	(3,846)
	93,757	96,254

9. Dividends and distribution (Continued)

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

	2024 HK$'000	2023 HK$'000
Second interim dividend declared of HK$0.08 (2023: Nil) per share in lieu of final dividend (Note)	61,600	-
Second special dividend declared of HK$0.02 (2023: Nil) per share (Note)	15,400	-
	77,000	-

Note:
The amount of the second interim dividend and second special dividend declared for the year ended 31 December 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 second interim dividend and second special dividend are not reflected as dividend payable in the consolidated financial statements.

10. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of approximately HK$214,406,000 (2023: HK$185,248,000) 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 750,088,248 (2023: 741,833,276).

For the year ended 31 December 2024, the calculation of diluted earnings per share is based on the profit attributable to owners of the Company of approximately HK$214,406,000 (2023:HK$185,248,000) and on the following data:

	2024 Number of shares	2023 Number of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	750,088,248	741,833,276
Effect of dilutive potential ordinary shares:		
- Share award scheme	8,471,432	10,090,305
	758,559,680	751,923,581

11. Property, plant and equipment

	Construction in Progress HK$'000	Land and buildings HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Leasehold improvements HK$'000	Computer equipment and systems HK$'000	Motor vehicles HK$'000	Machinery HK$'000	Total HK$'000
Year ended 31 December 2023									
Opening net book amount	6,362	12,942	2,396	1,876	16,798	3,100	2,082	179,086	224,642
Exchange differences	(381)	(6)	(8)	(348)	28	51	(22)	(2,619)	(3,305)
Additions	5,117	-	2,358	251	1,593	1,430	1,047	67,072	78,868
Disposals	-	-	-	-	-	(8)	(398)	(884)	(1,290)
Depreciation	-	(594)	(522)	(496)	(4,427)	(1,503)	(682)	(34,779)	(43,003)
Closing net book amount	11,098	12,342	4,224	1,283	13,992	3,070	2,027	207,876	255,912
At 31 December 2023									
Cost	15,431	26,971	10,386	8,975	84,362	20,816	5,933	538,912	711,786
Accumulated depreciation and impairment	(4,333)	(14,629)	(6,162)	(7,692)	(70,370)	(17,746)	(3,906)	(331,036)	(455,874)
Net book amount	11,098	12,342	4,224	1,283	13,992	3,070	2,027	207,876	255,912
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

As at 31 December 2024 and 2023, the Group's land and buildings represented (1) freehold land and buildings of HK$3,380,000 (2023: HK$3,963,000), which are situated in Australia; and (2) leasehold buildings of HK$20,787,000 (2023: HK$8,379,000), which are situated in Malaysia.

As at 31 December 2023, the net book value of assets under construction includes an amount of HK$11,098,000 relating to the Group's new printing factory, which was under construction situated in Malaysia during the year ended 31 December 2023. As at 31 December 2024, the property 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 during the year.

12. Right-of-use assets

	Leasehold land HK$'000	Leased properties HK$'000	Plant and equipment HK$'000	Total HK$'000
At 1 January 2023	4,546	91,093	7,577	103,216
Additions	-	-	1,720	1,720
Depreciation	(144)	(39,243)	(3,387)	(42,774)
Lease modification	-	82,338	(2,451)	79,887
Exchange differences	(141)	538	55	452
At 31 December 2023 and 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	4,195	113,825	3,060	121,080

As at 31 December 2024, the Group's leasehold land are situated in Malaysia with lease term expiring in 2054 - 2055.

13. Intangible assets

	Goodwill HK$'000	Customer relationship HK$'000	Pre-publication costs HK$'000	Backlists HK$'000	Software HK$'000	Customer contract HK$'000	Total HK$'000
At 1 January 2023							
Cost	341,509	9,700	266,542	4	203	2,048	620,006
Amortisation and impairment	(19,775)	(9,700)	(66,955)	-	(203)	(1,393)	(98,026)
Net carrying amount	321,734	-	199,587	4	-	655	521,980
Year ended 31 December 2023							
Opening net carrying amount	321,734	-	199,587	4	-	655	521,980
Additions	-	-	134,401	-	-	-	134,401
Written off	-	-	(13,117)	-	-	-	(13,117)
Amortisation	-	-	(129,601)	(4)	-	(655)	(130,260)
Exchange differences	(403)	-	3,933	-	-	-	3,530
Closing net carrying amount	321,331	-	195,203	-	-	-	516,534
At 31 December 2023 and 1 January 2024							
Cost	341,106	9,700	414,028	4	203	2,048	767,089
Amortisation and impairment	(19,775)	(9,700)	(218,825)	(4)	(203)	(2,048)	(250,555)
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							
Cost	334,212	9,700	538,674	4	203	2,048	884,841
Amortisation and impairment	(19,775)	(9,700)	(327,578)	(4)	(203)	(2,048)	(359,308)
Net carrying amount	314,437	-	211,096	-	-	-	525,533

14. Inventories

	2024 HK$'000	2023 HK$'000
Raw materials	212,732	258,801
Work-in-progress	58,992	53,292
Finished goods	156,061	157,794
Less: provision for obsolescence	(37,147)	(39,377)
	390,638	430,510

15. Trade and other receivables and deposits

Ageing analysis of gross carrying amount of trade receivables as at 31 December 2024, based on the invoice date, is as follows:

	2024 HK$'000	2023 HK$'000
0 - 30 days	226,997	222,120
31 - 60 days	177,857	185,209
61 – 90 days	88,746	102,405
91 – 120 days	71,627	63,056
121 – 150 days	28,998	23,433
Over 150 days	57,518	41,527
Total trade receivables	651,743	637,750
Less: Provision for impairment of trade receivables	(22,590)	(30,752)
Trade receivables – net	629,153	606,998
Other receivables and deposits - net	130,974	95,870
	760,127	702,868

In general, the Group allows a credit period from 30 to 150 days (2023: 30 to 150 days) to its customers.

16. Financial assets at fair value through profit or loss

	2024 Level 2 HK$'000	2023 Level 2 HK$'000
Financial assets at fair value through profit or loss:		
Forward foreign exchange contracts	-	238
Net fair values	-	238

17. Trade and other payables

As at 31 December 2024, ageing analysis of trade payables based on invoice date is as follows:

	2024 HK$'000	2023 HK$'000
0 – 30 days	91,177	99,118
31 – 60 days	27,941	39,999
61 – 90 days	14,621	16,475
91 – 120 days	12,336	16,085
Over 120 days	4,328	5,703
	150,403	177,380
Other payables and accruals	304,852	309,540
	455,255	486,920

Credit terms granted by the suppliers are generally 0 to 90 days (2023: 0 to 90 days).

18. Bank borrowings

	2024 HK$'000	2023 HK$'000
Current portion		
- Bank loans due for repayment within one year or contain a repayment on demand clause	163,878	330,029

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:

	2024 HK$'000	2023 HK$'000
Within one year	126,211	185,576
In the second year	37,667	106,786
In the third to fifth year	-	37,667
Wholly repayable within five years	163,878	330,029

19. Lease liabilities

	2024 HK$'000	2023 HK$'000
Balance as at 1 January	155,713	113,479
Additions	7,263	1,720
Lease modifications	16,759	79,397
Interest expense	6,736	7,042
Lease payments	(47,338)	(46,635)
Exchange adjustments	(3,592)	710
Balance as at 31 December	135,541	155,713
Represented by:		
Current liabilities	31,292	36,179
Non-current liabilities	104,249	119,534
	135,541	155,713

CHAIRMAN'S STATEMENT

In 2024, we recorded a 4% increase in turnover, reaching a record high of HK$2,668.6 million (2023: HK$2,562.8 million). Our net profit attributable to owners grew by 16% to HK$214.4 million (2023: HK$185.2 million).

Despite the usual challenges of volatile geopolitical tensions and a sluggish global illustrated book market, the Group delivered a solid performance. This resilience is a testament to our strategic planning and the dedication of our team.

Currently, printed books appear to be exempt from the additional 20% tariffs on Chinese products. The management is taking a cautious approach as this exemption might change if the administration reinterprets these regulations or introduces new ones to impose additional tariffs. Nonetheless, we have proactively prepared for potential tariff increases by expanding Papercraft manufacturing operations in Malaysia over the past few years.

We announced in the 2024 interim report that we would pay the second dividend earlier as a second interim dividend, eliminating the final dividend. We are delighted to declare a second interim dividend of HK8 cents per ordinary share and a second special dividend of HK2 cents per ordinary share, giving a full year dividend of HK14.5 cents per ordinary share. This reflects our strong confidence in the long-term outlook and our commitment to creating value for our shareholders.

Lau Chuk Kin
Chairman
Hong Kong, 27 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's turnover increased by 4% to HK$2,668.6 million in 2024 (2023: HK$2,562.8 million). Despite the challenging performance of the global illustrated book market, our revenue growth was driven by revenue increases from our 1010 Printing and Papercraft print manufacturing operations.

Net profit attributable to owners increased by 16% to HK$214.4 million in 2024 (2023: HK$185.2 million). This growth was primarily due to the improved performance of our print manufacturing business and improved profit contributions from Quarto following our shareholding increase post tender offer.

In 2024, the global book market experienced a robust fiction segment but faced significant challenges in the non-fiction/illustrated book segment. The US market, the largest book market globally, saw a 1% year-on-year (YoY) increase in unit sales of printed books, according to Circana BookScan data. Within this market, the Adult Fiction category recorded a 5% growth. However, other categories, such as Adult Non-Fiction and Children's Books, experienced declines of 0.4% and 0.7%, respectively. Other major markets, including the UK and Australia, also saw similar market performance.

The Chinese book market remained soft in 2024, with the total book value sold in Mainland China contracting by 6%, excluding academic publishing. Due to challenging local market conditions, more indigenous Chinese printers are competing for overseas book printing orders, leading to overcapacity and downward pressure on industry printing margins.

Despite the market weakness, the Group delivered a solid performance, validating our efforts over the past few years to diversify both vertically and geographically. Our venture into the publishing industry with Quarto has expanded our client network for our print manufacturing business. The volatile and challenging environment has necessitated changes in how we conduct our business. Consequently, we have developed unique print production services through 1010 Printing and a new division named Libermata, thanks to our deeper understanding of the publishing industry.

Geographically, our print manufacturing operations in Australia and Malaysia have proven to be strategically important as Trump 2.0 accelerates global supply chain evolution. These locations provide a stable production base and help mitigate risks associated with global supply chain changes. Additionally, our unique "China Plus One" print service offering opens up flexible opportunities for our publishing clients.

A. PRINT MANUFACTURING

1010 Printing, China manufacturing and international sales operations:
Sales turnover increased by 21% year-over-year, driven by market demand from publishing clients replenishing their inventories as levels normalized, and by rush orders aimed at mitigating the impact of Trump 2.0's tariffs on Chinese-made products. This resulted in a record operating results for the division, excluding previous one-off gains.

The plant underwent a major refitting of facilities to provide one of the best working environments in the industry. Additionally, 1010 Printing introduced a unique solution developed from our experience with Quarto: an end-to-end printing and shipping service offering. This solution provides printing and shipping cost certainty to our publishing clients for up to 12 months in advance, which they highly value in times of shifting supply chains.

Left Field Printing Group, Australia manufacturing:
Left Field Printing recorded a marginal increase in profit despite a 6% decrease in turnover. The division focuses on the production of read-for-pleasure books and technical journals. The read-for-pleasure book printing segment faced headwinds as the Australian book market experienced a downturn with lower unit sales.

Following the restructuring of book production operations post-acquisition of Griffin Press, all four of our plants in Australia can now provide book manufacturing services to our publishing clients. This restructuring enables us to offer seamless services, achieve better production efficiencies, and realize improved cost and production control through consolidation. We are delighted to report that our Delivered In Full, On Time (DIFOT) performance has improved significantly.

Despite the improved production efficiency, which our clients appreciate, financial performance remains disappointing. The previous irrational competition with Griffin Press resulted in very tight margins, hindering necessary investments to sustain efficiency. Moving forward, management will work with publishing clients to achieve more reasonable margins, enabling the A$15 million investment required over the next few years to replace the aging machinery fleet. This investment is crucial for maintaining the high production efficiency and service levels that our clients have come to expect.

Papercraft, Malaysia manufacturing:
Sales turnover at Papercraft increased by 95% as print service capacity expanded and demand for its services grew. Despite efforts to boost output, enhance service quality, and improve DIFOT performance, Papercraft did not achieve our expected profitability. Moving forward, management will focus on operational efficiency and sourcing alternative paper supplies to address the ongoing challenges and work towards achieving a sustainable profitability.

B.PRINT SERVICES MANAGEMENT

APOL Group, international sales operations:
Sales turnover grew by 2% at APOL but fierce competition has led to margin erosion. The management will continue to strengthen its cost control and focus on expanding their presence in the US and ANZ markets.

Regent, Hong Kong sales operation:
Regent's sales turnover declined by 11%, reflecting the soft performance of the US market, where the company primarily operates. In response, management is proactively seeking to expand into emerging markets, particularly in the Middle East. Initial results from these efforts are encouraging.

Libermata, Print management platform:
Our new division offers procurement consulting services and an online platform that connects book production requirements with book manufacturing suppliers for our publishing clients. This service leverages Quarto’s existing procurement system and supplier network, opening print jobs to competitive bidding. To ensure sourcing certainty and achieve cost savings for our clients, a designated printer acts as the “printer of last resort” to underwrite print jobs.

Libermata shares the cost savings achieved from procurement consulting and print job bidding with our clients. This skin-in-the-game approach has been validated by the recent acquisition of top publishing houses as anchor customers.

C.PUBLISHING

The Quarto Group
Quarto’s revenue declined by 2% in 2024, but it contributed a higher profit to the Group due to an increase in the Group’s shareholding from 50% to 68% following a share buyback to facilitate voluntary delisting from the London Stock Exchange. This buyback enabled Quarto, a Delaware entity, to return cash to its shareholders without incurring the US dividend tax.

2024 has been a year of Taylor Swift, with three books about her making it into our top five titles. Additionally, *Little People, BIG DREAMS: Taylor Swift* achieved the rare feat of becoming both a New York Times bestseller in the US and a Sunday Times bestseller in the UK, selling over 500,000 copies.

Despite the higher reported profit, the profit mix is concerning, with about 40% coming from non-recurring items. The division is undergoing a reset to refocus on its core strengths in the illustrated book market. To facilitate this reset, a change in management has been made: Mr. Lau Chuk Kin is now the Group CEO and MD of Quarto US, while Ms. Karine Marko has been promoted to MD of Quarto UK.

STRATEGIC OUTLOOK

In recent years, the Group has performed relatively well among our China-based manufacturing peers in both the book printing industry and other traditional manufacturing sectors. The performance has affirmed our long-term strategy of diversifying both geographically and vertically, in anticipation of China's inevitable progression up the value chain from low-end manufacturing to high-end manufacturing and innovation-driven sectors.

A significant portion of the cost of goods sold for printed books is attributed to paper costs. Currently, the paper price in China is about 30%-40% lower than in Europe and in the US. While this price differential continues to provide a competitive advantage for book printers in China, we expect the pricing gap between China-made paper and Europe-made paper to narrow. The potential resolution of the Russia-Ukraine conflict may lead to a decrease in energy prices, making paper production in Europe more economical in the long term.

In the US, President Trump recently invoked the International Emergency Economic Powers Act (IEEPA) to impose an additional 20% tariff on Chinese-made products. Currently, printed books appear to be exempt from these tariffs, but the management is taking a cautious approach as this could change if US authorities reinterpret the exemption clause of the IEEPA or introduce new regulations to impose additional tariffs. Such a scenario could erode the competitive edge of Chinese printers in the US market. However, our Malaysian operation, one of the few plants in Southeast Asia fully owned by a Chinese printer, could mitigate this impact by serving as a strategic gateway for our print services.

Freight costs have recently declined from the peaks experienced during the Red Sea crisis, as the conflict in the Middle East has subsided. As of Q1 2025, shipping rates from China to Europe and the US have reverted to levels observed 12 months ago. We anticipate that prices in 2025 will be lower than prior year as protectionist policies, such as tariffs, take effect and impact global shipping demand in the next few years.

Book printing in China remains competitive due to advantages in paper prices, productivity, and an unparalleled supply chain ecosystem. While the future impact of these factors is uncertain, the Group has been planning accordingly. Our strategic investment in Papercraft is well-positioned to mitigate the risks of a trade war and capitalize on the "China Plus One" trend. This investment has strengthened our core printing business by offering our publishing customers an alternative to China-based printing solutions, which has proven popular among leading publishing houses.

NEAR-TERM PROSPECT

The Group has been an early adopter of rule-based AI, distinguishing us in production efficiency and cost control over the past 15 years. As AI capabilities become more widespread and commoditized, a technology consulting firm is now assisting us in upgrading our AI systems. This upgrade aims to transition us to task specific self-learning AI platforms and automate more of our production workflow, enabling us to achieve further cost savings and maintain our competitive edge.

The full implementation of the EU Deforestation Regulation (EUDR) by 30 December 2025, will limit paper options for publishers in Europe. This regulation requires publishers and printers to use paper made from geo-tracked sustainable pulp. Initially, there will be a limited supply of EUDR-compliant paper, positioning large printers with access to affordable EUDR-compliant paper as the winners in the EU market.

The Chinese book market is expected to see slight improvements in 2025 despite the continued market slump in 2024. However, we will continue to see local print capacity outstripping demand, and indigenous Chinese printers will continue to diversify from their local market and target overseas publishing clients. This shift may still exert pressure on printing prices and lead to the closure of uncompetitive printing plants.

We will continue to expand our capacity in Malaysia in response to the sustained demand for book printing in South-East Asia. As other print manufacturers also invest in Malaysia, we are confident that the print industry will reach a critical mass, supporting a more robust ecosystem of customers, paper suppliers, and freight providers.

Regarding our publishing business, the publishing cycle typically spans 12-18 months. As a result, 2025 will be a transitional year, and profitability is unlikely to match that of 2024. We anticipate seeing better results from the recent reset by 2026. In the meantime, we are experimenting with various AI platforms to develop our own proprietary prediction tools, which will help us identify trending topics and content. This innovative approach aims to enhance our ability to stay ahead of market trends and meet the evolving demands of our audience.

The Group previously took on bank debt in anticipation of M&A opportunities, despite being net cash positive. However, we are unable to find attractive acquisitions in the near term at reasonable prices. Therefore, the Group plans to deleverage due to the lack of deal-making opportunities. We will discuss with our banks the possibility of establishing a standby credit line on a pre-approved basis, in case any M&A opportunities arise.

In the near term, the reset at Quarto and President Trump's protectionist policies make matching the remarkable results of 2024 a challenge. However, we have a comfortable balance sheet and a steady, capable management team. We foresee that our group of businesses will continue to be sustainable, and we will maintain our current dividend payout ratio.

Finally, I want to extend my heartfelt gratitude to all our staff for your hard work, dedication, and professionalism. You have been the driving force behind our achievements.

FINANCIAL REVIEW

Turnover for the year ended 31 December 2024 was approximately HK$2,668.6 million and represented an increase of 4.1% from previous corresponding year (2023: HK$2,562.8 million). Turnover from the printing segment grew by 7.6% for the year ended 31 December 2024 was driven by the normalizing of inventory levels from publishers and the move forward of orders aimed at mitigating the expected increase in tariff in 2025. Turnover from the publishing segment for the year ended 31 December 2024 approximates to the responding period in 2023, with a slight decline of 1.9% caused by a decline in foreign rights and co-edition sales to other publishers.

Gross profit margin increased from 32.7% for the year ended 31 December 2023 to 33.4% for the corresponding period in 2024. The margin in the publishing segment increased as a result of the drop in the book development cost. On the contrary, stronger competition from Chinese printers resulted in pricing pressure among printers, causing the decrease in margin in the printing segment.

Other income decreased to approximately HK$58.6 million for the year ended 31 December 2024, as compared to approximately HK$66.9 million for the same corresponding period in 2023. The decrease was mainly caused by the decrease in bank interest income of HK$7.4 million as a result of decreased deposits and interest rates; decrease in the gain on disposal of property, plant and equipment of HK$4.9 million; decrease in bad debt recovered HK$3.7 million, net with the increase in exchange gain during the year.

Selling and distribution costs increased from approximately HK$350.1 million for the year ended 31 December 2023 to HK$377.5 million for the same corresponding year in 2024. Selling and distribution costs against sales increased from 13.7% to 14.1%. 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$231.5 million for the year ended 31 December 2024, as compared to HK$212.0 million in 2023. The increase was primarily due to higher administrative expenses within our publishing business. In early 2024, our publishing subsidiary, The Quarto Group, undertook corporate projects on de-listing, tender offer, and share repurchases, which led to increased legal and professional fees. Additionally, other administrative costs, including insurance, overseas postage for book samples, and occupancy expenses, also saw a rise.

Reversal of impairment of trade receivables and other receivables of HK$0.7 million was noted for the year ended 31 December 2024, as compared to a provision of HK$6.5 million in 2023. The reversal was due to the decrease in overall exposure in credit risk following gradual recovery of slow payment customers.

Finance costs decreased from approximately HK$36.4 million in 2023 to approximately HK$25.4 million in 2024. The decrease was attributed to the gradual repayment of bank borrowings and the decrease in interest rates during the year.

Income tax expenses increased to HK$61.6 million for the year ended 31 December 2024 (2023: HK$60.4 million), being in line with the increase in profit for the year.

Profit attributable to owners of the Company amounted to approximately HK$214.4 million for the year ended 31 December 2024 (2023: HK$185.2 million), a 15.8% increase compared with 2023.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2024, the Group had net current assets of approximately HK$947.7 million (2023: HK$991.5 million) of which the cash and cash equivalents were approximately HK$500.5 million (2023: HK$780.1 million). The Group's current ratio was approximately 2.3 (2023: 2.1).

Total bank borrowings and lease liabilities as at 31 December 2024 were approximately HK$299.4 million (2023: HK$485.7 million). Bank borrowings of HK$144.5 million were denominated in Hong Kong dollars and HK$19.4 million was denominated in US dollars. All bank borrowings were carried at floating rates repayable within five years. The Group's gearing ratio as at 31 December 2024 was 17.2% (31 December 2023: 27.0%), 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$36.6 million. The purchase is mainly financed by internal resources. The carrying amount of right-of-use assets as at 31 December 2024 was approximately HK$121.1 million.

PLEDGE OF ASSETS

As at 31 December 2024, the Group had pledged deposit of approximately HK$0.2 million (2023: HK$0.1 million) as a security for the banking guarantee facilities of a subsidiary.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group had no material contingent liabilities.

EMPLOYEES AND EMOLUMENT POLICY

As at 31 December 2024, the Group had around 1,817 full-time employees (2023: 1,771). 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.

INTERIM AND SPECIAL DIVIDENDS AND CLOSURE OF REGISTER OF MEMBERS

The Board has resolved to declare the payment of a second interim dividend of HK$0.08 (the "Second Interim Dividend") per share and a second special dividend of HK$0.02 (the "Second Special Dividend") for the year ended 31 December 2024 (2023: Nil) 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 15 April 2025.

The register of members will be closed on 15 April 2025 and no transfer of shares will be registered on such day. To qualify for the Second Interim Dividend and Second Special 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 14 April 2025. The Second Interim Dividend and the Second Special Dividend are expected to be paid and dispatched on 29 April 2025.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 December 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 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 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 has reviewed the audited financial results of the Group for the year ended 31 December 2024.

On behalf of the Board
Lau Chuk Kin
Chairman

Hong Kong, 27 March 2025

As at the date of this announcement, the Board 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, Mr. Ho Tai Wai, David and Mr. Ng Siu On as independent non-executive directors.

This final results announcement is published on the website of Hong Kong Stock Exchange at www.hkexnews.hk and on the Company's website at www.lionrockgrouphk.com. The annual report 2024 of the Company will also be published on the aforesaid websites in due course.