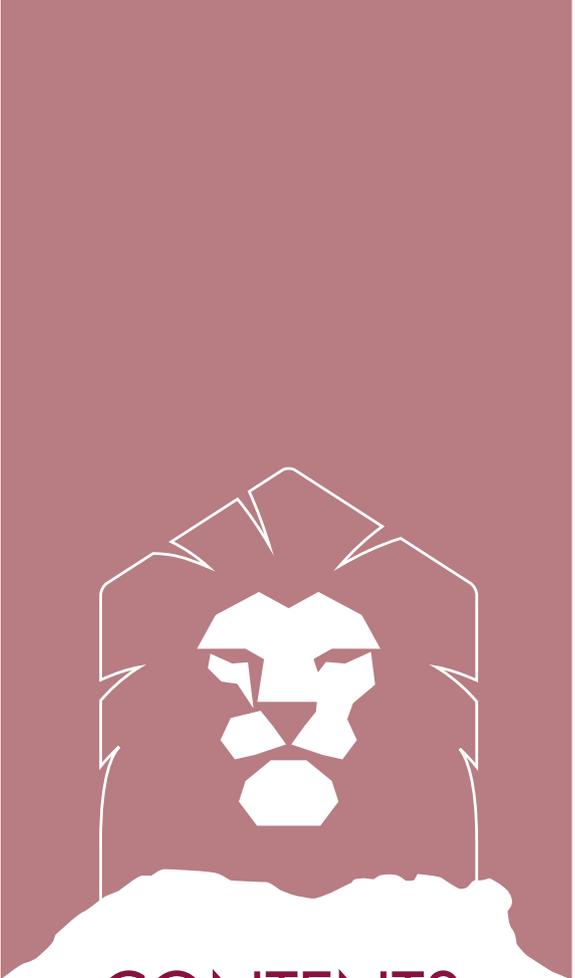




LION ROCK GROUP LIMITED
獅子山集團有限公司
STOCK CODE:1127



INTERIM REPORT 2023



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MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's turnover increased by 11.3% in the first six months of 2023 to \$1,210 million (H1 2022: \$1,087 million), helped by last year's acquisition of Griffin Press in Australia and Quarto becoming a subsidiary of the Group. Profit after tax decreased by 47% to \$83.5 million (H1 2022: \$157.1 million), mainly due to last year's one-off gain on derecognizing Quarto as an associate.

The global book market is going through a soft patch, as consumers pivoted their spending from discretionary to essential categories such as food and fuel. The US book market, the largest in the world, registered a 3% contraction year-on-year (YoY) in unit sales of printed books in the first six months, as reported by Circana BookScan. The Adult Fiction segment was the sole growth driver, while other segments such as Adult Non-Fiction and Children's Books lagged behind with a 5% decline.

In addition to the market headwinds, our publishing clients faced challenges, from escalating operating expenses to inflating material costs. We are seeing some of these pressures easing with energy costs stabilizing and freight costs plummeting significantly. However, inventory levels remain elevated for many of the publishing houses, and they are placing print orders cautiously as rising interest rates and the prospect of recession have further dampened personal consumption.

Freight rates from China to the US West Coast have tumbled to just over US\$1,400 per forty-foot equivalent unit (FEU), down from US\$16,000 a year ago. And the rate from China to North Europe has dropped to US\$1,300 per FEU from almost US\$14,000 during the same period. This translates to a saving of about US\$0.5 per copy and potentially a few million US dollars for a medium sized publisher like Quarto. Coupled with a weakening RMB and a deflationary business climate in China, publishers in the West are finding print services in the Far East a compelling value proposition again.

A. PRINT MANUFACTURING

1010 Printing, China manufacturing and international sales operations:

Sales turnover declined by 12% YoY as market demand for print services continued to be soft. We have secured the lease of the premise for our flagship plant until 2032. The recent downturn of China's economy has made it easier to attract and retain experienced staff. This has enhanced the productivity of our plant, which offsets part of the profitability gap.

Left Field Printing Group, Australia manufacturing:

Left Field Printing's turnover has increased by 29%, due to the acquisition of Griffin Press in June 2022. However, the integration of Griffin has been challenging, and the results have fallen short of the management's budget. The weakening local book market has also exacerbated the problem, with significantly lower unit sales. As a result, the anticipated margin enhancement has been slow to materialize, and the integration remains a work in progress.

COS/Papercraft, Singapore/Malaysia manufacturing:

Sales turnover at COS/Papercraft increased by 11%. However, we faced significant delays in delivering print services to our clients. These delays are caused by bottlenecks in our supply chain, including paper supply problems and a shortage of skilled workers. To rectify these problems, we have dispatched production experts and supervisory staff from 1010 Printing to Malaysia to streamline our production processes.

Despite these operational issues, the support for COS/Papercraft from our customers remains robust as the Malaysian plant offers them an important alternative outside of China. Although COS/Papercraft is currently incurring an operating loss, we believe it is a sound strategic investment as it positions the Group as one of the few printing groups in Asia that offers the “China + 1” option.

B. PRINT SERVICES MANAGEMENT

APOL Group, international sales operations:

Sales turnover declined by 3% in the first half of the year at APOL. In spite of the revenue contraction, it has outpaced the overall market with the European educational segment delivering stellar performance.

Regent, Hong Kong sales operation:

Regent’s sales turnover declined by 13% in the first six months. Regent primarily operates in the US, and its revenue decline is in line with the soft performance of the US book market.

C. PUBLISHING

The Quarto Group

Quarto’s revenue increased by 53% in the first six months to \$403 million (H1 2022: \$263 million). However, without the timing factor of Quarto becoming the Group’s subsidiary in April 2022, its revenue declined by 16% to reach US\$52.0 million in the first half of 2023 (H1 2022: US\$61.9 million). This was due to Quarto Distribution Services & Smart Lab being discontinued and Amazon’s reset of its inventory levels.

The sales drop of Quarto’s business-to-consumer (B2C) trade segment is in line with the overall market decline, with Amazon accounting for most of the gap. However, the business-to-business (B2B) segment fell short of expectations largely due to the delay of Custom sales orders, which the management expects to recover in H2 2023. The Group’s effort to reduce bank debt has also paid off as Quarto now had net cash of US\$9.1 million, a remarkable improvement from the net debt position of US\$81 million since our ownership five years ago.

PROSPECTS

The book publishing industry is grappling with a number of faces strong headwinds in the wake of the COVID-19 pandemic. Major illustrated book genres, such as cooking and gardening, are currently witnessing 15% YoY decline in unit sales according to Circana BookScan. As publishers continue to de-stock and recalibrate their publishing programs to a soft book market, we anticipate demand for print services to stay subdued in the second half of the year.

To tackle these challenges, the Group is continuously seeking ways to optimize its operations and enhance its bottom line. This includes streamlining our supply chain and investing in new technologies. We are also proactively managing our credit risks as smaller-sized players in the printing and publishing industry are facing financial challenges in the high interest rate environment.

On the printing side, the competitive landscape for Far East printers will remain favourable as US and Europe-based printers grapple with soaring operating costs. However, in the long run, China-based printers will gradually lose competitive advantage as China’s working population is projected to decline by 10% by the end of the 2030s. Our Papercraft plant in Malaysia is a strategic hedge to diversify our production base. And our clients are becoming more confident buying into Papercraft’s service on the strength of 1010’s brand and reputation as a quality print service provider.

On the publishing side, as we step into the more trade sales-heavy second half of the year, the challenges in trade market are expected to remain. Quarto's management will continue to focus on publishing better but fewer titles, controlling costs, and driving trade sales. The improvement in freight and paper costs will lead to significant cost savings, with most of them flowing through in the second half of the year.

The Group will continue to pursue its strategy of diversification. We will regularly review our business portfolio by seeking reasonably priced tuck-in acquisitions and monetizing assets that we see as non-strategic. In the next 6 to 12 months, a number of small and medium-sized book printers and publishers will be compelled to sell or simply exit the business. Therefore, we have bolstered our cash in hand which would enable us to close deals swiftly should good M&A opportunities come along.

Last but not least, on behalf of the Board, I would like to express my utmost gratitude to our former Chairman, Mr. KS Yeung. Under his leadership, the Group has undergone a transformation from a commoditized book printer to a multinational enterprise that spans across multiple regions and sectors. KS has been appointed as "Chairman Emeritus" of the Group following his retirement at the 2022 AGM.

FINANCIAL REVIEW

Turnover for the six months ended 30 June 2023 increased by 11.3% to approximately HK\$1,209.7 million (2022: HK\$1,086.7 million). The increase in turnover was attributed to the increase in book publishing revenue as a result of inclusion of the full six-month results of The Quarto Group, Inc. ("Quarto") in 2023 compared with three months' results in 2022. Revenue contributed by the book publishing segment was approximately HK\$403.3 million for the six months ended 30 June 2023 (2022: HK\$262.8 million). Turnover contributed by the printing segment was approximately HK\$806.4 million, a decrease of approximately HK\$17.6 million as compared with approximately HK\$823.9 million for the same period in 2022. Customers were making effort to release the high stock level accumulated from prior year and printing orders were thereby slowing down in 2023.

Gross profit margin decreased from 33.3% for the six months ended 30 June 2022 to 31.6% for the six months ended 30 June 2023. The upsurge of material costs resulted in reduced margin in the printing business. The effect was mitigated by the inclusion of the full six-month results in the publishing segment which had a higher gross profit margin structure.

Interest income increased from approximately HK\$2.7 million for the six month period ended 30 June 2022 to approximately HK\$9.4 million for the same corresponding period in 2023. 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 from approximately HK\$50.6 million for the six months period ended 30 June 2022 to HK\$16.2 million for the same corresponding period in 2023. The decrease was mainly due to the non-recurring one-off gain on disposal of associate of HK\$31.3 million in 2022 upon derecognition of Quarto as an associate, supplemented with the decrease in sales of scrap materials associated with decreased printing sales.

Selling and distribution costs increased from approximately HK\$154.1 million for the six months period ended 30 June 2022 to HK\$169.0 million for the same period in 2023. Selling and distribution costs against sales slightly decreased from 14.2% to 13.9%. Freight and distribution costs decreased during the period but the effect was partially offset by the higher sales and marketing costs derived from the publishing segment.

Administrative expenses increased to approximately HK\$110.9 million for the six months ended 30 June 2023, as compared to HK\$74.7 million for the corresponding period in 2022. The increase was mainly driven by the inclusion of the full period six-month administrative expenses of Quarto and the Griffin business in 2023.

Other expenses represented the expected credit loss on trade and loan receivables. The increase was due to the expected increase in overall exposure in credit risk.

Finance costs increased to approximately HK\$16.5 million for the six months ended 30 June 2023, as compared with HK\$5.1 million for the corresponding period in 2022. The increase was attributed to the increase in bank borrowings and the rising interest rates in 2023.

Share of result of an associate reached HK\$6.5 million in 2022, representing the share of first quarter result in Quarto before it became subsidiary of the Company.

Income tax expenses decreased to approximately HK\$25.0 million for the six months ended 30 June 2023 (2022: HK\$29.9 million) was associated with the decrease in profit for the period. A higher effective tax rate incurred in 2023 was mainly attributable to the decreased non-taxable gain for the period.

Profit attributable to owners of the Company amounted to approximately HK\$71.2 million for the six months ended 30 June 2023, compared with approximately HK\$140.3 million to the same period in last year.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2023, the Group had net current assets of approximately HK\$855.7 million (31 December 2022: HK\$869.3 million) of which the cash and bank deposits were approximately HK\$808.1 million (31 December 2022: HK\$770.2 million). The Group's current ratio was approximately 1.8 (31 December 2022: 1.9).

Total bank and other borrowings and lease liabilities as at 30 June 2023 were approximately HK\$581.9 million (31 December 2022: HK\$552.0 million). Bank and other borrowings of HK\$441.7 million, HK\$31.7 million and HK\$2.1 million were denominated in Hong Kong dollars, United States Dollars and EURO respectively. All bank borrowings were carried at floating rate and repayable within five years. The Group's gearing ratio as at 30 June 2023 was 35.1% (31 December 2022: 33.4%), 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\$42.3 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 / CHARGE OF ASSETS

As at 30 June 2023, the Group had assets of HK\$772.7 million comprising property, plant and equipment of HK\$11.0 million, right-of-use assets of HK\$45.3 million, intangible assets of HK\$202.6 million, inventories of HK\$159.0 million, trade and other receivables of HK\$250.5 million, cash and cash equivalents of HK\$104.3 million and equity interests of certain subsidiaries being charged as security against the banking facilities granted to Quarto. In addition, the Group had pledged deposit of approximately HK\$0.1 million as a security for the banking guarantee facilities of a subsidiary.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITY

As at 30 June 2023, the Group had committed to acquire machinery of approximately HK\$3.9 million. The acquisition was financed by the Group's internal resources.

The Group had no significant contingent liability as at 30 June 2023.

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 2023 together with the comparative unaudited figures for the corresponding period in 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Notes	(Unaudited)	
		Six months ended 30 June	
		2023	2022
		HK\$'000	HK\$'000
Revenue	3	1,209,685	1,086,732
Direct operating costs		(826,970)	(724,591)
Gross profit		382,715	362,141
Interest income		9,415	2,685
Other income		16,242	50,589
Selling and distribution costs		(168,634)	(154,072)
Administrative expenses		(110,898)	(74,655)
Other expenses		(3,860)	(1,085)
Finance costs	4	(16,459)	(5,062)
Share of result of an associate		–	6,503
Profit before income tax	5	108,521	187,044
Income tax expense	6	(25,014)	(29,898)
Profit for the period		83,507	157,146
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange loss on translation of financial statements of foreign operations		(8,030)	(33,082)
Share of other comprehensive income of an associate		–	(2,878)
Release upon disposal of an associate		–	5,929
Other comprehensive income for the period, net of tax		(8,030)	(30,031)
Total comprehensive income for the period		75,477	127,115
Profit for the period attributable to:			
Owners of the Company		71,157	140,326
Non-controlling interests		12,350	16,820
		83,507	157,146
Total comprehensive income attributable to:			
Owners of the Company		64,764	120,439
Non-controlling interests		10,713	6,676
		75,477	127,115
Earnings per share for profit attributable to owners of the Company during the period	7		
– Basic		HK 9.61 cents	HK 18.95 cents
– Diluted		HK 9.46 cents	HK 18.75 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		(Unaudited) At 30 June 2023	(Audited) At 31 December 2022
	Notes	HK\$'000	HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	8	239,222	224,642
Deposits for acquisition of property, plant and equipment		16,202	24,026
Right-of-use assets	9	96,450	103,216
Intangible assets	10	523,570	521,980
Lease receivables		–	533
Deferred tax assets		40,827	42,102
		916,271	916,499
Current assets			
Inventories		431,514	436,355
Trade and other receivables and deposits	11	623,129	671,007
Lease receivables		1,238	1,165
Financial assets at fair value through profit or loss	19	–	11
Tax recoverable		2,844	2,415
Pledged deposits		136	147
Cash and cash equivalents		808,100	770,217
		1,866,961	1,881,317
Current liabilities			
Trade and other payables	12	425,903	478,954
Bank borrowings	13	475,546	428,352
Lease liabilities		40,710	36,390
Financial liabilities at fair value through profit or loss	19	703	–
Provisions		28,090	31,755
Provision for taxation		40,337	36,570
		1,011,289	1,012,021
Net current assets		855,672	869,296
Total assets less current liabilities		1,771,943	1,785,795
Non-current liabilities			
Bank borrowings	13	–	10,135
Provisions		4,085	2,713
Lease liabilities		65,646	77,089
Deferred tax liabilities		43,339	40,897
		113,070	130,834
Net assets		1,658,873	1,654,961
EQUITY			
Share capital	14	7,700	7,700
Reserves		1,343,557	1,350,268
Equity attributable to owners of the Company		1,351,257	1,357,968
Non-controlling interests		307,616	296,993
Total equity		1,658,873	1,654,961

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	(Unaudited)	
	For the six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Operating activities		
Profit before income tax	108,521	187,044
Adjustments for:		
Depreciation of property, plant and equipment	20,831	20,259
Amortisation of right-of-use assets	22,052	16,333
Amortisation and impairment of intangible assets	57,398	41,163
Equity-settled share-based payment expenses	2,594	2,304
Impairment of receivables	3,860	1,085
Interest income	(9,415)	(2,685)
Interest expenses	16,459	5,062
Written-off of intangible assets	8,988	4,075
Loss on financial assets at fair value through profit or loss	–	683
Loss (Gain) on financial liabilities at fair value through profit or loss	294	(1,033)
(Gain) Loss on disposal of property, plant and equipment	(3,429)	65
Loss (Gain) on termination of lease contract	5	(366)
Gain on disposal of an associate	–	(31,285)
Share of result of an associate	–	(6,503)
Operating profit before working capital changes	228,158	236,201
Increase in inventories	(2,279)	(44,007)
Decrease in trade and other receivables and deposits	43,226	203,689
Decrease in trade and other payables and provisions	(54,119)	(137,626)
Increase in financial assets at fair value through profit or loss	–	(13,728)
Increase in financial liabilities at fair value through profit or loss	420	1,071
Cash generated from operations	215,406	245,600
Income taxes paid	(19,396)	(41,210)
Net cash generated from operating activities	196,010	204,390
Investing activities		
Interest received	9,415	2,108
Purchases of property, plant and equipment	(42,328)	(8,960)
Decrease (Increase) in deposit for acquisition of property, plant and equipment	7,047	(18,890)
Proceeds from disposals of property, plant and equipment	3,905	91
Payments on right of use assets	–	(17,361)
Payments for addition of intangible assets	(66,630)	(40,607)
Proceeds from lease received from tenants	460	449
Acquisition of additional interest in subsidiary	(117)	(5,731)
Loan repayment from associate	–	69,570
Loan to a third party	–	(56,700)
Loan repayment from a third party	–	4,021
Purchase of additional interest in an associate	–	(19,280)
Cash inflow on acquisition of a subsidiary	–	61,169
Payment on acquisition of business	–	(47,175)
Net cash used in investing activities	(88,248)	(77,296)

	(Unaudited)	
	For the six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Financing activities		
Bank borrowings raised	150,000	120,000
Repayments of bank borrowings	(112,926)	(73,705)
Interest on bank borrowings paid	(13,430)	(3,139)
Repayments of principal portion of the lease liabilities	(22,562)	(19,221)
Interest portion of the lease liabilities paid	(2,709)	(1,712)
Dividends paid to the owners of the Company	(74,042)	–
Dividends paid to non-controlling interests	–	(6,000)
Net cash (used in) generated from financing activities	(75,669)	16,223
Net increase in cash and cash equivalents	32,093	143,317
Effect of exchange rate fluctuations, net	5,790	4,920
Cash and cash equivalents at the beginning of the period	770,217	431,920
Cash and cash equivalents at the end of the period	808,100	580,157
Analysis of balances of cash and cash equivalents		
Bank balances and cash	803,045	575,083
Cash at brokers	5,055	5,074
	808,100	580,157

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	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 2023 (Audited)	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
Transactions with owners	-	-	-	-	-	-	(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)
Total comprehensive income for the period	-	-	(6,393)	-	-	-	-	-	-	-	71,157	64,764	10,713	75,477
Balance at 30 June 2023 (Unaudited)	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

	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 2022 (Audited)	7,700	173,078	(55,186)	(136,875)	310,125	737	(1,738)	5,356	(21,618)	46,200	903,384	1,231,163	116,376	1,347,539
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(6,000)	(6,000)
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	138,859	138,859
Acquisition of additional interest in subsidiary	-	-	-	-	-	-	(3,518)	-	-	-	-	(3,518)	(2,213)	(5,731)
Recognition of equity-settled share-based payment expenses	-	-	-	-	-	-	-	2,304	-	-	-	2,304	-	2,304
Transactions with owners	-	-	-	-	-	-	(3,518)	2,304	-	-	-	(1,214)	130,646	129,432
Profit for the period	-	-	-	-	-	-	-	-	-	-	140,326	140,326	16,820	157,146
Other comprehensive income														
Currency translation	-	-	(22,938)	-	-	-	-	-	-	-	-	(22,938)	(10,144)	(33,082)
Share of other comprehensive income of associate	-	-	(2,878)	-	-	-	-	-	-	-	-	(2,878)	-	(2,878)
Release upon disposal of an associate	-	-	5,929	-	-	-	-	-	-	-	-	5,929	-	5,929
Total comprehensive income for the period	-	-	(19,887)	-	-	-	-	-	-	-	140,326	120,439	6,676	127,115
Balance at 30 June 2022 (Unaudited)	7,700	173,078	(75,073)	(136,875)	310,125	737	(5,256)	7,660	(21,618)	46,200	1,043,710	1,350,388	253,698	1,604,086

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 2023 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 2022 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 2023.

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.

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.

3. SEGMENT INFORMATION (CONTINUED)

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 2023:

Six months ended 30 June 2023

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

Six months ended 30 June 2022

	Printing (Unaudited)	Publishing (Unaudited)	Elimination (Unaudited)	Consolidated (Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue				
– External	823,934	262,798	–	1,086,732
– Inter-segment	55,665	–	(55,665)	–
	879,599	262,798	(55,665)	1,086,732
Segment result	122,449	31,578	–	154,027
Unallocated corporate income				33,885
Unallocated corporate expenses				(2,309)
Share of result of an associate				6,503
Finance costs				(5,062)
Profit before income tax				187,044

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	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
United States of America	548,551	589,427
Australia	337,352	263,275
United Kingdom	121,662	122,848
Spain	37,028	34,314
Canada	26,916	15,082
Germany	19,214	7,839
France	15,622	5,324
Netherlands	14,937	3,268
Italy	9,151	2,425
Hong Kong (domicile)	261	491
Others	78,991	42,439
	1,209,685	1,086,732

4. FINANCE COSTS

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest charges on bank borrowings, wholly repayable within five years	13,430	3,139
Amortisation of borrowing costs	305	211
Interest on lease liabilities	2,724	1,712
	16,459	5,062

5. PROFIT BEFORE INCOME TAX

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit before income tax has been arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	20,831	20,259
Amortisation of right-of-use assets	22,052	16,333
Amortisation and impairment of intangible assets	57,398	41,163
Employee benefit expenses	287,187	223,977
Less: Staff cost capitalised	(37,858)	(20,877)
Net foreign exchange loss	5,554	1,780
Written-off of intangible assets	8,988	4,075
Loss on financial assets at fair value through profit or loss	–	683
Loss (Gain) on financial liabilities at fair value through profit or loss	294	(1,033)
(Gain) Loss on disposals of property, plant and equipment	(3,429)	65
Gain on disposal of an associate	–	31,285
Interest income	(9,415)	(2,685)

6. INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong profits tax		
– Current year	14,107	17,769
Overseas tax		
– Current year	8,474	16,691
– Underprovision in prior year	–	952
Deferred taxation charge/(credit)	2,433	(5,514)
	25,014	29,898

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 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	
	2023 (Unaudited)	2022 (Unaudited)
	HK\$'000	HK\$'000
Earnings for the purposes of basic earnings per share for the period	71,157	140,326

	Number of shares ('000)	
	2023	2022
Weighted average number of ordinary shares for the purpose of basic earnings per share (Note)	740,417	740,417
Effect of dilutive potential ordinary shares on share:		
– Share awards	12,083	8,007
	752,500	748,424

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.

8. PROPERTY, PLANT AND EQUIPMENT

	Construction in Progress	Land and buildings	Furniture and fixtures	Office equipment	Leasehold improvements	Computer equipment and systems	Motor vehicles	Machinery	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Period ended 30 June 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	(750)	(778)	(68)	(358)	62	40	(18)	(4,571)	(6,441)
Additions	4,417	–	1,270	122	718	914	285	34,602	42,328
Disposals	–	–	–	–	–	–	(378)	(98)	(476)
Depreciation	–	(319)	(207)	(275)	(2,222)	(749)	(364)	(16,695)	(20,831)
Closing net book amount	10,029	11,845	3,391	1,365	15,356	3,305	1,607	192,324	239,222
At 30 June 2023									
Cost	14,208	25,168	9,207	8,775	83,096	19,978	5,660	503,167	669,259
Accumulated depreciation and impairment	(4,179)	(13,323)	(5,816)	(7,410)	(67,740)	(16,673)	(4,053)	(310,843)	(430,037)
Net book amount	10,029	11,845	3,391	1,365	15,356	3,305	1,607	192,324	239,222

As at 30 June 2023 and 31 December 2022, the Group's land and buildings represented freehold land and buildings of HK\$4,042,000 (31 December 2022: HK\$4,322,000), which are situated in Australia; and (2) leasehold buildings of HK\$7,803,000 (31 December 2022: HK\$8,620,000), which are situated in Malaysia.

As at 30 June 2023, the net book value of assets under construction includes an amount of HK\$10,029,000 (31 December 2022: HK\$6,362,000) 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.

9. RIGHT-OF-USE ASSETS

	Leasehold land	Leased properties	Plant and equipment	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 December 2022 and 1 January 2023	4,546	91,093	7,577	103,216
At 30 June 2023	4,210	88,911	3,329	96,450

10. INTANGIBLE ASSETS

	Goodwill	Other intangible assets	Total
	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2023	321,734	200,246	521,980
Addition	–	66,630	66,630
Written off	–	(8,988)	(8,988)
Amortisation and impairment	–	(57,398)	(57,398)
Exchange differences	(1,614)	2,960	1,346
At 30 June 2023	320,120	203,450	523,570

Other intangible assets as at 30 June 2023 represented pre-publication costs of HK\$203,445,000 (31 December 2022: HK\$199,587,000), backlists and software costs of HK\$5,000 (31 December 2022: HK\$4,000) and customer contracts of nil value (31 December 2022: HK\$655,000).

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 2023, based on sales invoice date, is as follows:

	At 30 June 2023	At 31 December 2022
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
0 – 30 days	185,745	219,125
31 – 60 days	158,312	181,823
61 – 90 days	114,880	111,215
91 – 120 days	71,140	49,004
121 – 150 days	9,477	10,841
Over 150 days	36,694	36,784
Total trade receivables	576,248	608,792
Less: Provision for impairment	(34,541)	(30,420)
Net trade receivables	541,707	578,372
Other receivables and deposits, net of provisions	81,422	92,635
	623,129	671,007

12. TRADE AND OTHER PAYABLES

As at 30 June 2023, the ageing analysis of trade payables based on invoice date is as follows:

	At 30 June 2023 (Unaudited) HK\$'000	At 31 December 2022 (Audited) HK\$'000
0 – 30 days	87,817	89,281
31 – 60 days	25,219	31,433
61 – 90 days	13,363	13,170
91 – 120 days	6,798	8,632
Over 120 days	4,529	4,431
Total trade payables	137,726	146,947
Other payables and accruals	288,177	332,007
	425,903	478,954

13. BANK BORROWINGS

	At 30 June 2023 (Unaudited) HK\$'000	At 31 December 2022 (Audited) HK\$'000
Bank loans due for repayment within one year	247,396	216,232
Bank loans due for repayment after one year which contain a repayment on demand clause	228,150	212,120
Bank borrowings – current portion	475,546	428,352
Bank loans due for repayment after one year – non current	–	10,135
Total bank borrowings	475,546	438,487

Bank borrowings of HK\$441,741,000 are supported by the corporate guarantees of the Company and interest bearing at floating rates. Bank borrowings of HK\$33,805,000 are secured by the joint guarantee and the Group's certain part, property and equipment, right-of-use assets, intangible assets, inventories, trade and other receivables, cash and cash equivalents, and share charges over the equity interests of 39 subsidiaries of the Company.

14. SHARE CAPITAL

	No. of shares (‘000)	Amount HK\$'000
Authorised: Ordinary shares of HK\$0.01 each	1,500,000	15,000
Issued and fully paid: At 1 January 2023 and 30 June 2023	770,000	7,700

15. CAPITAL COMMITMENTS

As at 30 June 2023, the Group had capital commitments contracted but not provided for in respect of the acquisition of property, plant and equipment of approximately HK\$3,885,000 (31 December 2022: HK\$25,531,000).

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	
	2023 (Unaudited)	2022 (Unaudited)
	HK\$'000	HK\$'000
Final dividend in respect of the year ended 31 December 2022, approved and paid during the interim period of HK\$0.07 (2021: HK\$0.06) per share	53,900	–
Special dividend in respect of the year ended 31 December 2022, approved and paid during the interim period of HK\$0.03 per share (2021: Nil)	23,100	–
Dividends received from shares held under share award scheme	(2,958)	–
	74,042	–

During the period ended 30 June 2022, a final dividend totaling HK\$46,200,000 for the year ended 31 December 2021 was declared and subsequently paid in July 2022.

- (b) Dividends attributable to the interim period

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
	HK\$'000	HK\$'000
Interim dividends declared – HK\$0.03 (2022: HK\$0.03) per share (Note)	23,100	23,100

Note:

The amount of the interim dividend declared for the six months ended 30 June 2023, 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 is 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 2023.

17. RELATED PARTY TRANSACTIONS

(a) During the period, the Group entered into the following transactions with related parties:

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
	HK\$'000	HK\$'000
Printing income from an associate	–	38,456

(b) 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	
	2023 (Unaudited)	2022 (Unaudited)
	HK\$'000	HK\$'000
Short-term remuneration	4,402	4,047
Post-employment benefit	99	94
Equity settled share-based payments	478	478
	4,979	4,619

18. CONTINGENT LIABILITIES

As at 30 June 2023, the Group had no significant contingent liabilities (31 December 2022: Nil).

19. FAIR VALUE MEASUREMENT

(i) Recurring fair value measurements

	At 30 June 2023 (unaudited)		At 31 December 2022 (audited)	
	Level 1 HK\$'000	Level 2 HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000
Financial assets at fair value through profit or loss				
Convertible note	–	–	–	–
Forward foreign exchange contracts	–	–	–	11
Net fair values	–	–	–	11
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	–	703	–	–
Net fair values	–	703	–	–

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

Lease receivables, trade and other receivables, trade and other payables, bank and other borrowings and lease liabilities are carried at cost or amortised cost which are not materially different from their fair values as at 30 June 2023 and 31 December 2022.

(iii) Measurement of fair values

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

OTHER DISCLOSURES

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 30 June 2023, 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 Interests (Shares)	Family Interests (Shares)	Corporate Interests (Shares)	Total Interests (Shares)	Percentage to the issued share capital of the Company (%)
Mr. Lau Chuk Kin (Note 1)	92,983,906	Nil	266,432,717	359,416,623	46.68
Ms. Lam Mei Lan	8,868,688	Nil	Nil	8,868,688	1.15
Mr. Guo Junsheng (Note 2)	Nil	Nil	249,804	249,804	0.03

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

Name of Directors	Personal Interests (Shares)	Family Interests (Shares)	Corporate Interests (Shares)	Total Interests (Shares)	Percentage to the issued share capital of Left Field (%)
Mr. Lau Chuk Kin (Note 3)	9,803,278	Nil	315,805,997	325,609,275	65.30
Ms. Lam Mei Lan	1,035,543	Nil	Nil	1,035,543	0.21

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

Name of Directors	Number of shares				
	Granted but not yet vested at 1.1.2023	Granted during the period	Vested during the period	Cancelled/lapsed during the period	Granted but not yet vested at 30.6.2023
Mr. Lau Chuk Kin	200,000	–	–	–	200,000
Ms. Lam Mei Lan	3,840,000	–	–	–	3,840,000
Mr. Chu Chun Wan	200,000	–	–	–	200,000
Mr. Li Hoi David	200,000	–	–	–	200,000
Mr. Guo Junsheng	200,000	–	–	–	200,000
Mr. Yeung Ka Sing*	200,000	–	–	–	200,000
Prof. Lee Hau Leung	200,000	–	–	–	200,000
Dr. Ng Lai Man Carmen	200,000	–	–	–	200,000

* Retired from director on 30 May 2023

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 2023, 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 2023, 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 315,805,997 shares, 16,133,457 shares, 518,586 shares and 299,153,954 shares are beneficially owned by City Apex Ltd., ER2 Holdings and Bookbuilders BVI Ltd respectively. As at 30 June 2023, 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 46.68% 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 2023, 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 2023, 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 2023, 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 2023, 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.

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, administering 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 shall be valid and effective for a term of ten years commencing from the adoption date.

During the six months period ended 30 June 2023, no share award was granted or lapsed and no shares were purchased under the 1010 Share Award Scheme. At 30 June 2023, the Company had 29,512,000 unvested awards under the 1010 Share Award Scheme. At 1 January 2023 and 30 June 2023, the number of shares available for grant under the 1010 Share Award Scheme was 36,004,000, representing approximately 4.7% of the Company's shares in issue at that date.

Details of the share awards granted for the six months ended 30 June 2023 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 2022	Category reclassified	Outstanding as at 31 December 2022	Closing price per share before date of grant
				HK\$					HK\$
Directors									
Lau Chuk Kin	16.11.2020	16.11.2020	200,000	0.68	36 months	200,000	-	200,000	0.70
Lam Mei Lan	16.11.2020	16.11.2020	1,280,000	0.68	36 months	1,280,000	-	1,280,000	0.70
Lam Mei Lan	16.11.2020	16.11.2020	2,560,000	0.68	60 months	2,560,000	-	2,560,000	0.70
Chu Chun Wan	16.11.2020	16.11.2020	200,000	0.68	36 months	200,000	-	200,000	0.70
Li Hoi David	16.11.2020	16.11.2020	200,000	0.68	36 months	200,000	-	200,000	0.70
Guo Junsheng	16.11.2020	16.11.2020	200,000	0.68	36 months	200,000	-	200,000	0.70
Yeung Ka Sing*	16.11.2020	16.11.2020	200,000	0.68	36 months	200,000	(200,000)	-	0.70
Lee Hau Leung	16.11.2020	16.11.2020	200,000	0.68	36 months	200,000	-	200,000	0.70
Ng Lai Man Carmen	16.11.2020	16.11.2020	200,000	0.68	36 months	200,000	-	200,000	0.70
Ho Tai Wai David	-	-	-	-	-	-	-	-	-
Sub-total						5,240,000	(200,000)	5,040,000	

Category/Name	Date of approval by Board	Date of award	Number of awarded shares	Fair value per share at date of grant** HK\$	Vesting period	Outstanding as at 1 January 2022	Category reclassified	Outstanding as at 31 December 2022	Closing price per share before date of grant HK\$
Other Employees									
	30.09.2020	30.09.2020	936,000	0.65	37 months	936,000	-	936,000	0.65
	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	4,984,000	0.69	36 months	4,876,000	-	4,876,000	0.69
	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	-	10,008,000	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	600,000	0.68	36 months	400,000	200,000	600,000	0.70
	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	88,000	0.93	16 months	88,000	-	88,000	0.94
	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	24,272,000	-	24,472,000	
Total						29,512,000	-	29,512,000	

* Retired from director on 30 May 2023

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

SHARE OPTION SCHEME

A share option scheme (the "1010 Share Option Scheme") was adopted by the Group, pursuant to its resolution passed on 22 April 2013 and effective for a period of ten years commencing from the adoption date. At 1 January 2023, the Company had 70,000,000 share options available for issue under the 1010 Share Option Scheme, which represented approximately 9.1% of the Company's shares in issue at that date. During the six months ended 30 June 2023, there was no share option issued under the 1010 Share Option Scheme and the Share Option scheme was expired as of 22 April 2023.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2023, 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 and Corporate Governance Report (the “Code Provision”) contained in Appendix 14 of the Listing Rules throughout the six months period ended 30 June 2023.

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 2023.

EMPLOYEES AND EMOLUMENT POLICY

As at 30 June 2023, the Group had around 1,748 full-time employees (30 June 2022: 1,729). 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 DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has resolved to recommend the payment of an interim dividend of HK\$0.03 (2022: HK\$0.03) per ordinary share for the six months ended 30 June 2023 to shareholders whose names appear on the register of holders of ordinary shares of the Company as at the close of business on 15 September 2023. The register of shareholders will be closed on 15 September 2023, during which period no transfer of shares will be registered. To qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited whose share registration public offices are located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on 14 September 2023. The dividend is expected to be paid on 29 September 2023.

AUDIT COMMITTEE

The audit committee has three members comprising the three independent non-executive directors, namely, Dr. Ng Lai Man, Carmen, Prof. Lee Hau Leung and Mr. Ho Tai Wai, David, 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 2023 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, 30 August 2023

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
Dr. Ng Lai Man, Carmen
Mr. Ho Tai Wai, David

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

Dr. Ng Lai Man, Carmen (*Chairman*)
Prof. Lee Hau Leung
Mr. Ho Tai Wai, David

NOMINATION COMMITTEE

Mr. Lau Chuk Kin (*Chairman*)
Prof. Lee Hau Leung
Dr. Ng Lai Man, Carmen
Mr. Ho Tai Wai, David

REMUNERATION COMMITTEE

Prof. Lee Hau Leung (*Chairman*)
Mr. Lau Chuk Kin
Dr. Ng Lai Man, Carmen
Mr. Ho Tai Wai, David

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

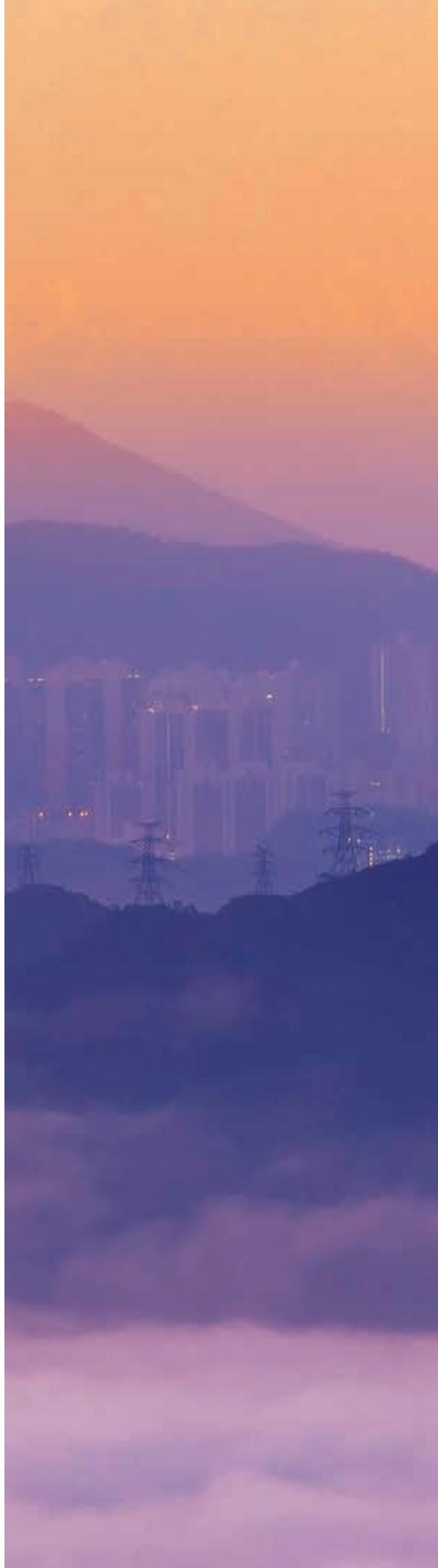
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