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 2017

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 2017, together with the comparative figures for the year ended 31 December 2016 as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
Revenue	3	1,582,725	1,615,831
Direct operating costs		(1,137,197)	(1,158,102)
Gross profit		445,528	457,729
Other income	5	52,280	70,449
Selling and distribution costs		(196,203)	(196,269)
Administrative expenses		(95,958)	(109,767)
Other expenses		(2,963)	(7,223)
Impairment of goodwill		(1,294)	-
Finance costs	6	(2,870)	(2,919)
Profit before income tax	7	198,520	212,000
Income tax expense	8	(39,072)	(41,479)
Profit for the year		159,448	170,521

* *For identification purpose only*

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2017 (Continued)

	Notes	2017 HK$'000	2016 HK$'000
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange gains/(losses) on translation of financial statements of foreign operations		36,176	(5,785)
Exchange reserve released upon disposal of a subsidiary		557	-
Available-for-sale financial assets		5,100	-
Other comprehensive income for the year, net of tax		41,833	(5,785)
Total comprehensive income for the year		201,281	164,736
Profit for the year attributable to:			
Owners of the Company		147,668	146,146
Non-controlling interests		11,780	24,375
		159,448	170,521
Total comprehensive income attributable to:			
Owners of the Company		185,952	140,706
Non-controlling interests		15,329	24,030
		201,281	164,736
Earnings per share for profit attributable to owners of the Company during the year	10		
Basic		HK19.18 cents	HK18.98 cents
Diluted		N/A	N/A

Consolidated Statement of Financial Position
As at 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	11	112,240	133,919
Deposits for acquisition of property, plant and equipment		11,013	-
Intangible assets	12	192,643	150,462
Available-for-sale financial assets		47,835	-
Other non-current assets		3,680	5,633
Deferred tax assets		36,190	35,676
		403,601	325,690
Current assets			
Inventories	13	131,441	82,850
Trade and other receivables and deposits	14	475,387	430,190
Financial assets at fair value through profit or loss	15	-	5,472
Tax recoverable		192	-
Cash and bank balances		424,217	461,155
		1,031,237	979,667
Current liabilities			
Trade and other payables	16	255,692	223,663
Bank borrowings	17	69,365	94,766
Finance lease liabilities	18	337	162
Provisions		21,912	21,816
Financial liabilities at fair value through profit or loss	15	3,810	-
Provision for taxation		-	6,133
		351,116	346,540
Net current assets		680,121	633,127
Total assets less current liabilities		1,083,722	958,817
Non-current liabilities			
Financial liabilities arising from put option		14,198	-
Provisions		11,641	7,479
Finance lease liabilities	18	1,196	507
Deferred tax liabilities		7,865	5,092
		34,900	13,078
Net assets		1,048,822	945,739
EQUITY			
Share capital		7,700	7,700
Reserves		979,089	882,201
Equity attributable to owners of the Company		986,789	889,901
Non-controlling interests		62,033	55,838
Total equity		1,048,822	945,739

Consolidated Statement of Changes in Equity
For the year ended 31 December 2017

	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$'000	Available-for-sale financial assets reserve HK$'000	Put option reserve HK$'000	Statutory reserve HK$'000	Other reserve HK$'000	Employee compensation reserve HK$'000	Shares held under share award scheme HK$'000	Proposed final and special dividend HK$'000	Retained earnings HK$'000	Total HK$'000	HK$'000	HK$'000
Balance as at 1 January 2016	7,700	173,078	(45,739)	(136,875)	310,125	-	-	-	(473)	5,172	(4,489)	34,650	473,728	816,877	57,974	874,851
2015 final dividend paid	-	-	-	-	-	-	-	-	-	-	-	(34,650)	-	(34,650)	-	(34,650)
2016 interim dividend paid	-	-	-	-	-	-	-	-	-	-	-	-	(19,250)	(19,250)	-	(19,250)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	(9,549)	-	-	-	-	(9,549)	9,549	-
Deemed acquisition of non-controlling interests	-	-	-	-	-	-	-	-	(2,358)	-	-	-	-	(2,358)	(8,614)	(10,972)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(27,101)	(27,101)
Purchase of shares under share award scheme	-	-	-	-	-	-	-	-	-	-	(1,005)	-	-	(1,005)	-	(1,005)
Shares vested under share award scheme	-	-	-	-	-	-	-	-	-	(5,172)	5,489	-	(1,187)	(870)	-	(870)
Transactions with owners	-	-	-	-	-	-	-	-	(11,907)	(5,172)	4,484	(34,650)	(20,437)	(67,682)	(26,166)	(93,848)
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	146,146	146,146	24,375	170,521
Other comprehensive income																
Currency translation	-	-	(5,440)	-	-	-	-	-	-	-	-	-	-	(5,440)	(345)	(5,785)
Total comprehensive income for the year	-	-	(5,440)	-	-	-	-	-	-	-	-	-	146,146	140,706	24,030	164,736
2016 proposed special dividend	-	-	-	-	-	-	-	-	-	-	-	11,550	(11,550)	-	-	-
2016 proposed final dividend	-	-	-	-	-	-	-	-	-	-	-	34,650	(34,650)	-	-	-
Balance at 31 December 2016	7,700	173,078	(51,179)	(136,875)	310,125	-	-	-	(12,380)	-	(5)	46,200	553,237	889,901	55,838	945,739

Consolidated Statement of Changes in Equity
For the year ended 31 December 2017 (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$'000	Available-for-sale financial assets reserve HK$'000	Put option reserve HK$'000	Statutory reserve HK$'000	Other reserve HK$'000	Employee compensation reserve HK$'000	Shares held under share award scheme HK$'000	Proposed final and special dividend HK$'000	Retained earnings HK$'000	Total HK$'000	HK$'000	HK$'000
Balance as at 1 January 2017	7,700	173,078	(51,179)	(136,875)	310,125	-	-	-	(12,380)	-	(5)	46,200	553,237	889,901	55,838	945,739
2016 final dividend paid (Note 9)	-	-	-	-	-	-	-	-	-	-	-	(34,650)	-	(34,650)	-	(34,650)
2016 special dividend paid (Note 9)	-	-	-	-	-	-	-	-	-	-	-	(11,550)	-	(11,550)	-	(11,550)
2017 interim dividend paid (Note 9)	-	-	-	-	-	-	-	-	-	-	-	-	(23,100)	(23,100)	-	(23,100)
Acquisition of a subsidiary (Note 20)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,837	8,837
Deemed acquisition of non-controlling interests (Note 19(a))	-	-	-	-	-	-	-	-	(4,776)	-	-	-	-	(4,776)	(14,515)	(19,291)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,945)	(4,945)
Appropriation to statutory reserve	-	-	-	-	-	-	-	737	-	-	-	-	(737)	-	-	-
Put option granted to non-controlling interests of a subsidiary (Note 20)	-	-	-	-	-	-	(13,906)	-	-	-	-	-	-	(13,906)	-	(13,906)
Equity-settled share based payment expenses	-	-	-	-	-	-	-	-	-	407	-	-	-	407	-	407
Exercise of share options in a subsidiary (Note 19(b))	-	-	-	-	-	-	-	-	(1,489)	-	-	-	-	(1,489)	1,489	-
Transactions with owners	-	-	-	-	-	-	(13,906)	737	(6,265)	407	-	(46,200)	(23,837)	(89,064)	(9,134)	(98,198)
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	147,668	147,668	11,780	159,448
Other comprehensive income																
Currency translation	-	-	32,627	-	-	-	-	-	-	-	-	-	-	32,627	3,549	36,176
Release upon disposal of a subsidiary	-	-	557	-	-	-	-	-	-	-	-	-	-	557	-	557
Available-for-sale financial assets	-	-	-	-	-	5,100	-	-	-	-	-	-	-	5,100	-	5,100
Total comprehensive income for the year	-	-	33,184	-	-	5,100	-	-	-	-	-	-	147,668	185,952	15,329	201,281
2017 proposed final dividend (Note 9)	-	-	-	-	-	-	-	-	-	-	-	50,050	(50,050)	-	-	-
Balance at 31 December 2017	7,700	173,078	(17,995)	(136,875)	310,125	5,100	(13,906)	737	(18,645)	407	(5)	50,050	627,018	986,789	62,033	1,048,822

1. General information

Lion Rock Group Limited (formerly known as 1010 Printing Group Limited) (the "Company") was incorporated in Bermuda under the Bermuda Companies Act as an exempted limited liability company on 9 March 2011. 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 26/F, 625 King's Road, North Point, Hong Kong. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "SEHK") on 25 July 2011.

The financial statements have been prepared in accordance with 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 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

2.1 Adoption of new or amended HKFRSs

During the year, the Group has adopted all the new or amended HKFRSs which are first effective for the reporting year and relevant to the Group. Except as explained below, the adoption of these new or amended HKFRSs did not result in material changes to the Group's accounting policies.

Amendments to HKAS 7 – Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The adoption of the amendments has led to the additional disclosure presented in the notes to the cash flow statement.

Amendments to HKAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

The adoption of the amendments has no impact on these financial statements as the clarified treatment is consistent with the manner in which the Group has previously recognised deferred tax assets.

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

2.1 Adoption of new or amended HKFRSs (Continued)

Annual improvements to HKFRSs 2014-2016 Cycle – Amendments to HKFRS 12, Disclosure of Interests in Other Entities

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 12, Disclosure of Interests in Other Entities, to clarify that the disclosure requirements of HKFRS 12, other than the requirements to disclose summarised financial information, also apply to an entity's interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5, Non-Current Assets Held for Sale and Discontinued Operations. The adoption of the amendments to HKFRS 12 has no impact on these financial statements as the latter treatment is consistent with the manner in which the Group has previously dealt with disclosures relating to its interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5.

2.2 New or amended HKFRSs that have been issued but are not yet effective

At the date of this announcement, the following new or amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards[1]
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3 Business Combinations, HKFRS 11 Joint Arrangements, HKAS 12 Income Taxes and HKAS 23 Borrowing Costs[2]
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions[1]
HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[1]
Amendments to HKFRS 17	Insurance Contracts[4]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventrure[2]
Amendments to HKAS 40	Transfers of Investment Property[1]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
HKFRS 16	Leases[2]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2019
[3] 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 of the amendments continue to be permitted.
[4] Effective for annual periods beginning on or after 1 January 2021

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

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

The Directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. The Directors are currently assessing the impact of the new or amended HKFRSs upon initial application. So far, the Directors have preliminarily concluded that the initial application of these HKFRSs will not result in material financial impact on the consolidated financial statements. Information on new or amended HKFRSs that are expected to have an impact on the Group's accounting policies is provided below.

Amendments to HKFRS 2 – Classification and Measurement of Share-based Payment Transactions

This standard is effective for accounting periods beginning on or after 1 January 2018. The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The directors of the Company anticipate that this amendment does not result in any significant impact on the Group's financial position and results of operations.

HKFRS 9 - Financial Instruments

This standard is effective for accounting periods beginning on or after 1 January 2018. HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at fair value through other comprehensive income. All other debt and equity instruments are measured at fair value through profit or loss.

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at fair value through profit or loss replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

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

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

HKFRS 9 - Financial Instruments (Continued)

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

The Group does not expect the new rules to have a significant impact on the classification and measurement of its financial assets. There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

During the year ended 31 December 2017 and 2016, there were no significant impairment for the Group's financial assets. The directors of the Company anticipate that the implementation of HKFRS 9 is not expected to result in any significant impact on the Group's financial position and results of operations.

HKFRS 15 - Revenue from Contracts with Customers

This standard is effective for accounting periods beginning on or after 1 January 2018. The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

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

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

Amendments to HKFRS 15 – Revenue from Contracts with Customers (Clarifications to HKFRS 15)

This standard is effective for accounting periods beginning on or after 1 January 2018. The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

The directors of the Company anticipate that the application of HKFRS 15 in the future will not have a material impact on the amounts reported to the consolidated financial statements of the Group in the future based on the existing business model of the Group as at 31 December 2017.

Amendments to HKFRS 9 – Prepayment Features with Negative Compensation

This amendment is effective for accounting periods beginning on or after 1 January 2019. The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met – instead of at fair value through profit or loss. The directors of the Company anticipate that this amendment does not result in any significant impact on the Group’s financial position and results of operations.

HKFRS 16 – Leases

This standard is effective for accounting periods beginning on or after 1 January 2019. HKFRS 16, which upon the effective date will supersede HKAS 17 “Leases” and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

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

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

HKFRS 16 – Leases (Continued)

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for property, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. The future aggregate minimum lease payments under non-cancellable operating lease of the Group as at 31 December 2017 amounted to HK$108,130,000. Based on current leasing patterns, the Group do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group's results but it is expected that the certain portion of the lease commitment will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

HK(IFRIC)-Int 22 – Foreign Currency Transactions and Advance Consideration

This Interpretation is effective for accounting periods beginning on or after 1 January 2018. The Interpretation provides guidance on determining the date of the transaction for determining an exchange rate to use for transactions that involve advance consideration paid or received in a foreign currency and the recognition of a non-monetary asset or non-monetary liability. The Interpretations specifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

The directors of the Company anticipate that this interpretation does not result in any significant impact on the Group's financial position and results of operations.

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

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

HK(IFRIC)-Int 23 – Uncertainty over Income Tax Treatments

This Interpretation is effective for accounting periods beginning on or after 1 January 2019. The Interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes.

Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

The directors of the Company anticipate that this interpretation does not result in any significant impact on the Group's financial position and results of operations.

3. Revenue

Revenue represents the printing income earned by the Group during the year.

4. Segment information

The executive directors have identified that the Group has only one reportable segment, which is the provision of printing services.

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 and available-for-sale financial assets)	
	2017	**2016**	**2017**	**2016**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
PRC	-	-	70,965	89,467
Australia	671,688	645,356	143,520	133,162
United States of America ("USA")	487,280	458,003	25	241
United Kingdom	164,957	282,799	7	7
Spain	61,954	78,332	-	-
France	22,485	865	-	-
Peru	19,609	7,596	-	-
Hong Kong (domicile)	19,563	5,294	93,923	58,631
New Zealand	18,716	23,236	-	175
Singapore	15,783	14,372	11,136	8,331
Mexico	14,628	16,699	-	-
Chile	13,784	14,379	-	-
Argentina	12,746	7,705	-	-
Austria	11,553	176	-	-
Canada	8,927	5,143	-	-
Bolivia	8,846	6,922	-	-
Brazil	6,980	4,577	-	-
Germany	2,216	22,572	-	-
Costa Rica	2,046	5,632	-	-
Others	18,964	16,173	-	-
	1,582,725	1,615,831	319,576	290,014

4. Segment information (Continued)

Sales by geographical markets are analysed based on the location of customers and the geographical location of non-current assets is based on (1) the physical location of the assets (for property, plant and equipment) and (2) location of operations (for intangible assets).

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the financial statements as follows:

	2017 **HK$'000**	**2016** **HK$'000**
Reportable segment profit	201,797	214,919
Equity-settled share-based payments	(407)	-
Finance costs	(2,870)	(2,919)
Profit before income tax	198,520	212,000
Reportable segment liabilities	308,786	259,760
Deferred tax liabilities	7,865	5,092
Borrowings	69,365	94,766
Group liabilities	386,016	359,618

5. Other income

	2017 **HK$'000**	**2016** **HK$'000**
Sales of scrapped paper and by-products	19,286	15,866
Gain on financial assets/liabilities at fair value through profit or loss	-	11,194
Net foreign exchange gain	13,173	-
Bad debts recovered	22	-
Impairment of trade receivables written back	9,355	6,710
Interest income	3,489	1,868
Rental income	164	163
Gain on disposal of a subsidiary	-	27,579
Gain on disposals of property, plant and equipment	2,412	-
Government grants	476	1,225
Write back of accruals	152	2,341
Dividend income	-	21
Sundry income	3,751	3,482
	52,280	70,449

6. Finance costs

	2017 HK$'000	2016 HK$'000
Interest charges on bank borrowings, which contain a repayment on demand clause	2,488	2,877
Finance lease charges	90	42
Imputed interest on financial liabilities arising from put option (Note 20)	292	-
	2,870	2,919

7. Profit before income tax

	2017 HK$'000	2016 HK$'000
Profit before income tax is arrived at after charging/(crediting):		
Auditor's remuneration (Note (i) below)	2,454	2,392
Impairment of trade receivables	2,279	7,222
Bad debts written off	684	1
Cost of inventories recognised as expense	1,137,197	1,158,102
(Write-back)/Write-down of inventories	(3,236)	3,620
Depreciation of property, plant and equipment (Note 11 and Note (ii) below)		
- Owned	38,198	61,044
- Held under finance leases	327	452
Amortisation of other non-current assets	3,296	2,858
Amortisation of intangible asset (Note 12)	2,425	-
(Gain) /Loss on disposals of property, plant and equipment	(2,412)	663
Write-off of property, plant and equipment	-	9,266
Minimum lease payments paid under operating leases in respect of rented premises and production facilities	31,186	30,861
Net (gain)/loss on foreign exchange loss	(13,173)	3,385
Loss on financial assets at fair value through profit or loss	5,669	-
Employee benefit expense (Note (iii) below)	304,427	312,648

Notes:

(i) Auditor's remuneration for other non-audit services of HK$231,000 was recognised during the year (2016: HK$183,000).

7. Profit before income tax (Continued)

(ii) Depreciation charges of HK$35,238,000 (2016: HK$57,350,000) and HK$3,287,000 (2016: HK$4,146,000) have been included in direct operating costs and administrative expenses respectively.

(iii) Employee benefit expense of HK$202,973,000 (2016: HK$213,255,000), HK$61,110,000 (2016: HK$51,661,000) and HK$40,344,000 (2016: HK$47,732,000) have been included in direct operating costs, selling and distribution costs and administrative expenses respectively.

8. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits for the year. Taxation on 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.

	2017 **HK$'000**	**2016** **HK$'000**
Current tax - Hong Kong profits tax		
Tax for the year	20,654	25,206
Under/(Over)-provision in prior years	169	(56)
	20,823	25,150
Current tax - overseas		
Tax for the year	16,392	20,429
(Over)/Under-provision in prior years	(952)	211
	15,440	20,640
Deferred tax		
Current year	2,809	(4,311)
	39,072	41,479

9. Dividends

	2017 **HK$'000**	**2016** **HK$'000**
Final dividend paid in respect of prior year HK$0.045 (2016: HK$0.045) per share	34,650	34,650
Special dividend paid in respect of prior year HK$0.015(2016:Nil) per share	11,550	-
Interim dividend paid in respect of current year HK$0.03 (2016: HK$0.025) per share	23,100	19,250
	69,300	53,900

At a meeting held on 23 February 2018, the directors recommended a final dividend of HK$0.065 per ordinary share. Those proposed dividends are not reflected as a dividend payable in these financial statements, but reflected as an appropriation of retained earnings for the year ended 31 December 2017.

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$147,668,000 (2016: HK$146,146,000) and on the weighted average number of ordinary shares in issue less shares held for share award scheme that have not been vested unconditionally in the employees during the year of 769,997,090 (2016: 769,999,698).

No diluted earnings per share are presented as the Group has no dilutive potential ordinary shares during the year (2016: Nil).

11. Property, plant and equipment

	Freehold 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
At 1 January 2016								
Cost	11,031	5,105	7,593	55,006	14,315	3,566	345,145	441,761
Accumulated depreciation	(1,825)	(4,514)	(4,935)	(40,930)	(12,735)	(1,594)	(180,736)	(247,269)
Net book amount	9,206	591	2,658	14,076	1,580	1,972	164,409	194,492
Year ended 31 December 2016								
Opening net book amount	9,206	591	2,658	14,076	1,580	1,972	164,409	194,492
Exchange differences	18	(2)	(118)	(94)	(11)	(24)	(2,832)	(3,063)
Additions	-	9	1,853	1,245	606	705	17,854	22,272
Disposals	-	-	-	-	(330)	-	(1,389)	(1,719)
Write-off	-	-	(374)	-	-	-	(8,892)	(9,266)
Disposed through disposal of subsidiaries	-	-	(161)	(417)	(109)	(36)	(6,578)	(7,301)
Depreciation	(987)	(260)	(744)	(5,155)	(1,163)	(773)	(52,414)	(61,496)
Closing net book amount	8,237	338	3,114	9,655	573	1,844	110,158	133,919
At 31 December 2016 and 1 January 2017								
Cost	11,031	5,086	7,580	55,607	12,275	3,284	305,825	400,688
Accumulated depreciation	(2,794)	(4,748)	(4,466)	(45,952)	(11,702)	(1,440)	(195,667)	(266,769)
Net book amount	8,237	338	3,114	9,655	573	1,844	110,158	133,919
Year ended 31 December 2017								
Opening net book amount	8,237	338	3,114	9,655	573	1,844	110,158	133,919
Exchange differences	724	1	220	239	39	45	6,320	7,588
Additions	-	103	362	5,194	984	-	12,956	19,599
Disposals	-	(7)	(3)	(1)	(5)	(189)	(10,304)	(10,509)
Acquisition of subsidiary (Note 20)	-	27	91	191	35	-	-	344
Disposed through disposal of subsidiaries	-	-	(8)	-	(7)	-	(161)	(176)
Depreciation	(1,032)	(211)	(667)	(3,762)	(394)	(727)	(31,732)	(38,525)
Closing net book amount	7,929	251	3,109	11,516	1,225	973	87,237	112,240
At 31 December 2017								
Cost	12,035	5,062	8,334	61,558	13,302	2,950	303,939	407,180
Accumulated depreciation	(4,106)	(4,811)	(5,225)	(50,042)	(12,077)	(1,977)	(216,702)	(294,940)
Net book amount	7,929	251	3,109	11,516	1,225	973	87,237	112,240

As at 31 December 2017 and 2016, the Group's freehold land and buildings are situated in Australia.

Net book amount of property, plant and equipment as at 31 December 2017 includes the net carrying amount of HK$1,473,000 (2016: HK$674,000) held under finance leases.

12. Intangible assets

	Goodwill HK$'000	Customers relationship HK$'000	Total HK$'000
Carrying amount at 1 January 2016 and 31 December 2016	150,462	-	150,462
Acquisition of subsidiary (Note 20)	27,741	9,700	37,441
Exchange differences	8,459	-	8,459
Impairment losses	(1,294)	-	(1,294)
Amortisation during the year	-	(2,425)	(2,425)
Carrying amount at 31 December 2017	185,368	7,275	192,643

13. Inventories

	2017 HK$'000	2016 HK$'000
Raw materials	94,166	55,750
Work-in-progress	32,870	23,842
Finished goods	4,405	3,258
	131,441	82,850

14. Trade and other receivables and deposits

Ageing analysis of trade receivables, net of provision as at 31 December 2017, based on the invoice date, is as follows:

	2017 HK$'000	2016 HK$'000
0 – 30 days	121,781	141,426
31 – 60 days	82,527	80,355
61 – 90 days	88,070	68,225
91 – 120 days	61,506	50,163
121 – 150 days	53,082	39,085
Over 150 days	35,738	21,637
Total trade receivables	442,704	400,891
Other receivables and deposits	32,683	29,299
	475,387	430,190

In general, the Group allows a credit period from 30 to 150 days (2016: 30 to 150 days) to its customers.

15. Financial assets/(liabilities) at fair value through profit or loss

This relates to the forward foreign exchange contracts which are considered by management as part of economic hedging arrangements but have not been formally designated as hedges in accordance with HKAS 39. These foreign exchange contracts were stated at fair value.

16. Trade and other payables

As at 31 December 2017, ageing analysis of trade payables based on invoice date is as follows:

	2017 HK$'000	2016 HK$'000
0 – 30 days	58,714	63,487
31 – 60 days	35,244	20,262
61 – 90 days	15,871	5,466
91 – 120 days	1,028	461
Over 120 days	1,699	2,660
	112,556	92,336
Other payables and accruals	143,136	131,327
	255,692	223,663

Credit terms granted by the suppliers are generally 0 - 90 days (2016: 0 – 90 days).

17. Bank borrowings

	2017 HK$'000	2016 HK$'000
Current portion		
Bank loans due for repayment within one year	28,400	25,400
Bank loans due for repayment after one year which contain a repayment on demand clause	40,965	69,366
Total bank borrowings	69,365	94,766

Assuming that the banks do not request 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:

	2017 HK$'000	2016 HK$'000
Within one year	28,400	25,400
In the second year	23,465	28,401
In the third to fifth year	17,500	40,965
Wholly repayable within five years	69,365	94,766

18. Finance lease liabilities

	2017 HK$'000	2016 HK$'000
Total minimum lease payments:		
Due within one year	424	201
Due in the second to fifth years	1,321	573
	1,745	774
Future finance charges on finance leases	(212)	(105)
Present value of finance lease liabilities	1,533	669

	2017 HK$'000	2016 HK$'000
Present value of minimum lease payments:		
Due within one year	337	162
Due in the second to fifth years	1,196	507
	1,533	669
Less: Portion due within one year included under current liabilities	(337)	(162)
Non-current portion included under non-current liabilities	1,196	507

The Group entered into finance lease for various items of machineries and motor vehicles. The lease runs for an initial period of five years (2016: five years) and does not have options to renew or any contingent rental provisions.

Finance lease liabilities are effectively secured by the underlying assets as the rights to the leased asset would be reverted to the lessor in the event of default by repayment by the Group.

19. Non-controlling interests

(a) Deemed acquisition of non-controlling interests

During the year, OPUS implemented several buybacks of its shares and these shares bought back were cancelled subsequently. As a result of these transactions, the shareholding in OPUS held by the Group was increased from 64.66% to 75.61% (incorporated the impact of the exercise of share options in OPUS as detailed in note (b) below) and the Group effectively acquired additional interests in OPUS from non-controlling shareholders. The difference between the proportionate share of the carrying amount of net assets and the consideration paid for the additional interests have been debited to other reserve.

The transactions have been accounted for as equity transactions with the non-controlling interests (excluding the effect of exercise of share options in OPUS as detailed in note (b) below) as follows:

19. Non-controlling interests (Continued)

(a) Deemed acquisition of non-controlling interests (continued)

	2017 HK$'000	2016 HK$'000
Consideration paid for additional ownership interest	19,291	10,972
Net assets attributable to additional ownership interest	(14,515)	(8,614)
Decrease in equity attributable to owners of the Company (included in other reserve)	4,776	2,358

(b) Exercise of share options in OPUS

In May 2017, Bookbuilders BVI Limited, an indirect wholly owned subsidiary of the Company exercised the share options granted by OPUS on 3 November 2014 to acquire 20,000,000 ordinary shares in OPUS at AU$0.35 per share. As a result of the transaction, the shareholding in OPUS held by the Group was increased from 68.82% to 74.67%. The increase in proportionate share of the carrying amount of net assets of HK$1,489,000 by the Group has been debited to other reserve.

	HK$'000
Consideration paid for additional 5.85% ownership interest	39,807
Net assets attributable to additional 5.85% ownership interest	(38,318)
Decrease in equity attributable to owners of the Company (included in other reserve)	1,489

20. Business Combination and Granting of Options

On 23 March 2017, Magic Omen Limited ("Magic Omen"), an indirect wholly-owned subsidiary of the Company entered into the share transfer agreement with independent third party to acquire 75% of the entire issued share capital of Regent Publishing Services Limited ("Regent") at a consideration of US$4,500,000 plus HK$19,500,000 (equivalent to HK$54,253,000). Regent is engaged in provision of services for book, magazine and non-book publishers. The acquisition (the "Acquisition") was completed on 31 March 2017 and has been accounted for using acquisition method.

Details of net assets acquired were as follows:

	HK$'000
Purchase consideration – cash paid	54,253
Fair value of net assets acquired (see below)	(26,512)
Goodwill (Note 12)	27,741
Purchase consideration settled in cash	(54,253)
Cash and cash equivalents acquired	26,002
Cash outflow on acquisition of subsidiaries	(28,251)

20. Business Combination and Granting of Options (Continued)

Assets and liabilities arising from this acquisition were as follows:

	HK$'000
Property, plant and equipment	344
Intangible assets – customers relationships	9,700
Other receivables	904
Cash and bank balances	26,002
Deferred tax liabilities	(1,601)
Net assets	35,349
Non-controlling interests (25%)	(8,837)
Net assets acquired	26,512

Goodwill of HK$27,741,000, which is not tax deductible, comprises the acquired workforce and the value of expected synergies arising from the combination of the acquired business with the existing operations of the Group.

On the same date of the share transfer agreement, Magic Omen entered into an option agreement ("Option Agreement") with Yau Wa Holdings Limited ("Yau Wa"), the 25% non-controlling shareholder of Regent and Mr. Tai Tin Yau, the managing director of Regent. Pursuant to the Option Agreement and conditional upon the completion of the Acquisition. Yau Wa has been granted a put option ("Put Option") and call options ("Call Options") to sell and purchase the shares in Regent. The exercise price of the Put Option and Call Options are based on the net assets value and net profit after tax of Regent at certain time at the formula as set in the Option Agreement. The details of Option Agreement can be referred to the Company's announcement dated 24 March 2017.

Put Option:
At initial recognition, a put option liability of HK$13,906,000 is recognised as a financial liability in the consolidated financial statements, which represents the present value of the expected redemption amount of the Put Option with the corresponding debit to put option reserve in equity. This financial liabilities arising from the Put Option is classified as non-current liabilities as Yau Wa and Mr. Tai can exercise the Put Option at the 4th anniversary of the date of the Put Option agreement (i.e. March 2021). The movement of the financial liabilities arising from the Put Option during the year is as follows:

	HK$'000
Initial recognition	13,906
Imputed interests (Note 6)	292
At 31 December 2017	14,198

Call Options:
The fair value of the Call Options of HK$407,000 is recognised as employee compensation expense at the date of grant with the corresponding credit to employee compensation reserve in equity.

CHAIRMAN’S STATEMENT

This is the first annual report published by our company under the name of Lion Rock Group and I am pleased to advise that the change has been well received by our shareholders, customers and stakeholders. The can-do spirit that the “Rock” embodies is an integral part of the DNA of our company.

In the past year, the biggest factor that “disrupted” the company’s performance was the increase in paper costs: text paper, corrugated board and cover materials. On the average, paper costs went up by 20% and market forces were such that most of the increases had to be absorbed by the printers. Price war in the book printing industry in China has intensified though our diversification efforts which started in 2011 have enabled the Group to improve our operating profit.

Growth of the Chinese economy in the near future will have a strong impact on the performance of the Group. Home to two of the top 10 largest market cap companies in the world, China will continue its drive to stimulate domestic consumption. The latter has already driven up the price of wages and raw materials. A case in point: the huge demand of cartons for shipping goods sold in the Nov 11 (Singles Day) sales bonanza in China had caused a temporary shortage of cartons and surge in price. The Renminbi has appreciated in value against the Hong Kong Dollar which our group’s results are denominated, by approximately 6% since January, 2017. Experts forecast that the Renminbi will continue to appreciate in 2018. This will exert further downward pressure on our margins.

Looking ahead, the Group will continue to grow, both by ‘organic’ means and acquisitions and not only in our core business in book and commercial printing. In the last quarter of last year, the Group took advantage of the weakness of the British pound and the drop in price to acquire shares of Quarto Group, Inc (“Quarto”), a London listed illustrated book publisher and one of Lion Rock’s top customers. As at 22 February 2018, the Group and Mr. CK Lau, our executive director, hold 19.1% and 7.5% stake of Quarto respectively. This foray into the book publishing world is a considered move by our group to diversify its business beyond book printing. We believe that Lion Rock can add value to our publishing customers not only as a conventional print supplier. Our understanding of and contacts in the book trade in China can help our publishing customers conduct business more effectively in the world’s second largest economy.

We welcome our colleagues at Regent Publishing which was acquired by the Group in March, 2017

Again, my thanks to our fellow employees in the Lion Rock Group across the globe for their fine efforts in 2017.

Yeung Ka Sing
Chairman
Hong Kong, 23 February 2018

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

1010 Printing

1010 Printing registered a drop of 10% in sales revenue and a slight drop in net profit caused mainly by management's decision not to participate in a price war started by two major industry players. Our ability to source paper from mills outside of China where the increase was the highest in the world in 2017 helped mitigate some of the margin erosion. 2017 was not a banner year for the book publishing industry and our customers were reluctant to absorb the price increase. A number of new titles were cancelled as the cost increase caused by the hike in paper price had made their publication financially untenable.

The year also saw several medium and large book printers in China selling off their land where the factories are located, to take advantage of the rising property prices in the country. Already there is a small reduction in the industry capacity, though not to the extent that we prefer to see. The days of pricing power returning to the printers are unlikely to happen in the near future.

APOL

Our print management subsidiary had a difficult first half in 2017 but rebounded strongly in the second half. It ended the year with a 1% gain in annual sales revenue against 2016. Gain in foreign exchange, mainly the Euro and recovery of a bad debt previously provided, together with strict controls exercised by management, have enabled APOL to report a 34% increase in net profit. APOL's sales management is making steady inroads into the book plus markets in Europe.

Regent Publishing

Regent became a 75% owned subsidiary of the Group in March 2017. Under the management of its 25% shareholder and co-founder, Mr. George Tai, Regent serves niche book publishers in North America and has minimal overlap in customers with the rest of the Lion Rock Group companies. Regent had a disappointing first quarter but ended with satisfactory results for 2017.

OPUS

2017 was a year when OPUS management had an ambitious target to improve its operating results from its three core business units.

Canprint, our Canberra based subsidiary suffered a double digit drop in sales revenue, though net profit remained unchanged, helped by stringent cost control measures. The Australian Government agencies continued the momentum of going paperless thus affecting our business.

2017 was an off year for the novel publishing world in Australia in the absence of major blockbuster new titles. McPherson's, our subsidiary for printing novels and the leader in that sector, on the back of a win from a major multinational publisher, had a 2% increase in its sales revenue, though margin suffered due to the costs incurred with the integration of the newly won accounts and the pressure to handle more short run orders at quicker turnaround time.

Ligare had a satisfactory performance, despite being hit hard by the flu in Sydney that affected its production in the 3rd quarter.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW (Continued)

Despite all these strong headwind, management is optimistic of the future of OPUS. Richard Celarc returned to the Group as Executive Chairman in December 2017 to assume a more active role in the daily management of the Group. The return of Richard Celarc to an executive chairman role will provide a much needed impetus to the management of OPUS in the near future. The start of 2018 saw Canprint, secured a multiple year contract from a government agency to provide warehousing, fulfillment and electronic order processing service. Management is optimistic of the business prospects in this direction.

<u>COS</u>
Our wholly owned subsidiary in Singapore, COS had a successful year with net profit increased by 43% on a 11% rise in sales revenue. The proximity to the regional distribution center in Singapore of a multinational book publisher was pivotal to COS' securing business from the customer.

PROSPECT

Our print management subsidiaries APOL and Regent are forecasting steady results in 2018, despite the usual challenging trading environment. 1010 Printing has embarked on a HK$60 million investment program on printing presses and binding equipment. This will improve its production efficiency significantly.

Overall, we remain cautiously optimistic of the 2018 prospects. We are considering various options relating to our diversification programs. Lion Rock senior executives' involvement in the management of the OPUS Group in the past three years has given us the confidence to handle cross boarder acquisitions. This will stand the Group in good stead as it goes on the diversification path.

FINANCIAL REVIEW

Revenue for the year ended 31 December 2017 was approximately HK$1,582.7 million and represented a decrease of 2% from the previous corresponding year (2016: HK$1,615.8 million). The decrease in revenue was a result of the decrease in sales orders received by 1010 and the disposal of outdoor printing business in OPUS Group Limited ("OPUS") in August 2016. The decrease in turnover was mitigated by the sales contribution from Regent Publishing Services Limited, which was acquired by the Group in March 2017.

Gross profit margin remained stable at 28% as compared with last year. Labour cost, material cost and subcontracting cost increase was offset by the decrease in machinery depreciation charge for the year, due to revisit of machinery estimated useful lives in 2016.

Other income decreased from HK$70.4 million in 2016 to HK$52.3 million in 2017 was mainly due to a one-off gain of HK$27.6 million from the disposal of the outdoor printing business in Australia in 2016 and the decrease in gain on financial assets at fair value through profit or loss of HK$11.2 million. The decrease was partly offset by the increase in exchange gain of HK$13.2 million; increase in sales of scrapped paper and by-products of HK$3.4 million; increase in gain on disposal of property, plant and equipment of HK$2.4 million and the increase in interest income of HK$1.6 million.

Selling and distribution costs remain stable as compared to 2016.

Administrative expenses decreased from approximately HK$109.8 million in 2016 to approximately HK$96.0 million in 2017. The decrease was primarily due to the decrease in corporate expenses in OPUS following the disposal of outdoor printing business in August 2016; and the loss on disposal and written off of property, plant and equipment of HK$9.9 million incurred in 2016.

Other expenses for the year represented provision for impairment on trade receivables. A decrease of approximately HK$4.2 million was due to improved customer settlement performance during the year.

Income tax expenses for the year decreased to approximately HK$39.1 million in line with the decrease in profit.

Profit for the year attributable to owners of the Company amounted to approximately HK$147.7 million (2016: HK$146.1 million).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2017, the Group had net current assets of approximately HK$680.1 million (31 December 2016: HK$633.1 million) of which the cash and bank balances were approximately HK$424.2 million (31 December 2016: HK$461.2 million). The Group's current ratio was approximately 2.9 (31 December 2016: 2.8).

Total bank borrowings and finance lease liabilities for the Group amounted to HK$70.9 million (31 December 2016: HK$95.4 million). As at 31 December 2017, bank borrowings were denominated in Hong Kong dollars and finance lease liabilities were denominated in Australian dollars. All bank borrowings are at floating rates and finance leases are in fixed rates with all borrowings repayable within five years. The Group's gearing ratio as at 31 December 2017 was 6.8% (31 December 2016: 10.1%), which is calculated on the basis of the Group's total interest-bearing debts over the total equity.

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, 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$19.6 million. The purchase is mainly financed by internal resources. The net book amount of property, plant and equipment includes net carrying amount of approximately HK$1.5 million (31 December 2016: HK$0.7 million) in respect of assets held under finance leases.

CONTINGENT LIABILITIES

As at 31 December 2017, the Group had no material contingent liabilities.

EMPLOYEES AND EMOLUMENT POLICY

As at 31 December 2017, the Group had around 1,222 full-time employees (2016: 1,287). 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 provident fund, insurance and medical cover.

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has resolved to recommend the payment of a final dividend of HK$0.065 (the "Final Dividend") for the year ended 31 December 2017 (2016: final dividend of HK$0.045 and special dividend of HK$0.015) 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 7 May 2018. The register of shareholders will be closed on 7 May 2018, during which period no transfer of shares will be registered. To qualify for the Final Dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrars 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 4 May 2018. The dividend is expected to be paid on 16 May 2018.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 December 2017, 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 and Corporate Governance Report during the year contained in Appendix 14 of the Listing Rules.

AUDIT COMMITTEE

The audit committee has three members comprising the three independent non-executive directors, namely, Mr. Yeung Ka Sing, Mr. Tsui King Chung, David and Dr. Ng Lai Man, Carmen 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 2017.

On behalf of the Board
Lau Chuk Kin
Executive Director

Hong Kong, 23 February 2018

As at the date of this announcement, the Board comprises Mr. Lau Chuk Kin, Mr. Lam Wing Yip, Ms. Lam Mei Lan and Mr. Chu Chun Wan as executive directors; Mr. Li Hoi David and Mr. Guo Junsheng as non-executive directors; Mr. Yeung Ka Sing, Prof. Lee Hau Leung, Mr. Tsui King Chung, David and Dr. Ng Lai Man, Carmen as independent non-executive directors.

This final results announcement is published on the website of Hong Kong Stock Exchange at www.hkex.com.hk and on the Company's website at www.lionrockgrouphk.com. The annual report 2017 of the Company will also be published on the aforesaid websites in due course.